

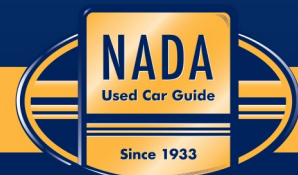
GUIDELINES

NADA Used Car Guide Industry Update

September 2016

- Wholesale Depreciation Grows in August
Prices decline by an average of 2.6%
- Used Vehicle Price Index Falls
Index declines by 0.4% to 118.6
- New Vehicle Deliveries Stall
Sales fall by 3.4%, new vehicle SAAR reaches 16.91M
- Incentive Spending Increases for the 17th Straight Month
Average spending per unit increases 9%

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NEW & USED MARKET TRENDS

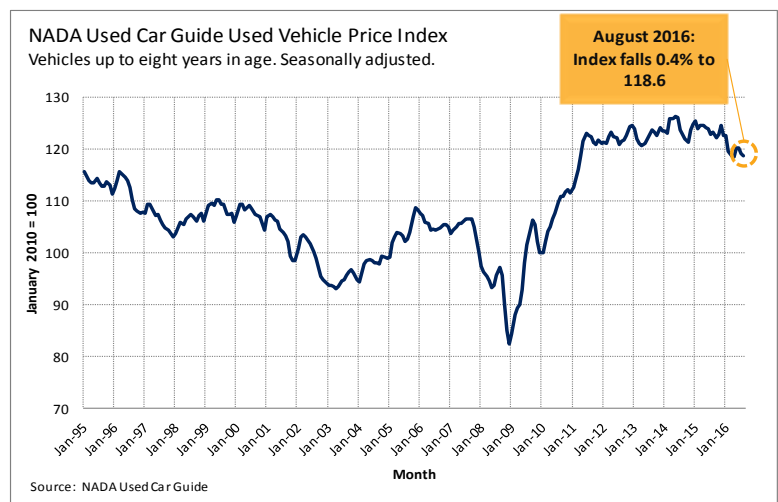
USED MARKET UPDATE

Matching expectations for the month, wholesale prices of vehicles up to eight years in age fell by 2.6% in August. August’s month-end result was the largest decline recorded so far in 2016; losses for the period over the past three years averaged a slightly less 2.2%. As a result of the month’s performance, NADA Used Car Guide’s seasonally adjusted used vehicle price index fell by 0.4% to 118.6.

Price movement at the segment level was led by luxury segments. The occurrence ended recent monthly trends where mainstream car losses were greater than those of their truck and luxury counterparts.

Luxury compact car and luxury mid-size utility prices fell the most for the month. Losses of the pair reached 3.5% each, significantly worse than the duo’s previous three-year combined 2% decline. Following closely behind, luxury mid-size and large car prices fell by 3.4% and 3.2%, respectively. Luxury compact utility and luxury large utility prices performed better than the overall industry average. The prices for the respective segments fell 2.3% and 1.8%, which was right in line with the pair’s previous three-year combined 2.1% decline.

Mainstream losses were led by the large utility segment, which experienced a 3% pullback in prices. August’s performance was the worst depreciation the segment recorded since October 2014, ending a 19 month run on sub 3% declines. Prices for the



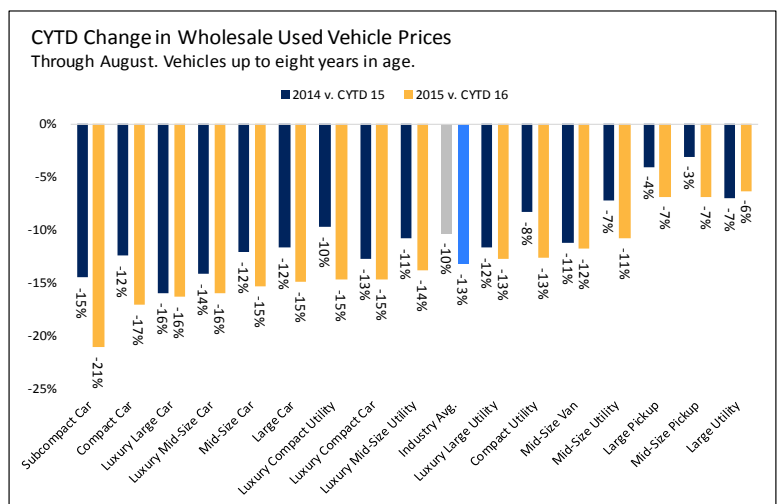
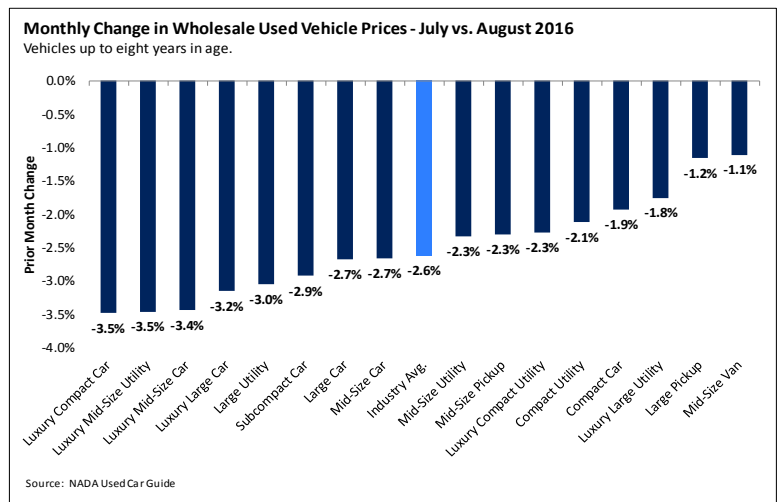
[NEW & USED MARKET TRENDS *CONTINUED*]

period over the previous three years averaged only 0.6%. The primary culprit behind steep segment losses for the month was an influx of late-model 2015 units to the wholesale marketplace — volume picked up by nearly 59%, while prices for vehicles like the 2015 GMC Yukon fell by up to 4.7% (\$2,150).

Losses for subcompact, mid-size and large cars were once again larger than the industry average, yet normal for what typically occurs for the month. Depreciation for the three segments reached an average of 2.8%, which is nearly identical to the trio’s previous three-year average loss of 2.7%. After three consecutive months of almost 3% price declines, compact car prices firmed up in August as the segment saw prices only fall 1.9% — the least of any car segment for the month.

Mid-size utility and mid-size pickup prices fell by 2.3% each, followed closely by compact utilities (2.1%). Down 1.2%, large pickup prices declined the most so far in 2016, however the segment continues to perform exceptionally well. Through August, monthly declines for large pickups have averaged only 0.1%. Mid-size van prices fell by a slight 1.1%, which was better than the group’s previous three year 1.8% decline for the period. Prices for the group are historically softest in September and October as rental fleet units flood the marketplace.

Through August, NADA Used Car Guide’s used vehicle prices index stood 3.6% below last year’s eight-month average. In depreciation terms, used vehicle prices were 13.2% lower through August relative to all of 2015. Last year, depreciation reached only 10.3% over the same period.



[NEW & USED MARKET TRENDS *CONTINUED*]

Subcompact car prices fell the most over the eight-month period, dropping by an average of 21.1%. Compact car depreciation reached 17.1%, while mid-size and large car depreciation was 14.9% – 15.3%. By comparison, truck and utility losses were much milder. Large pickup prices were down 6.9% through August, while large utility and mid-size pickup prices were off by just 6.3% and 6.9%, respectively.

Depreciation across luxury segments was relatively similar, ranging from 12.8% (luxury large utility) to 16.4% (luxury large car).

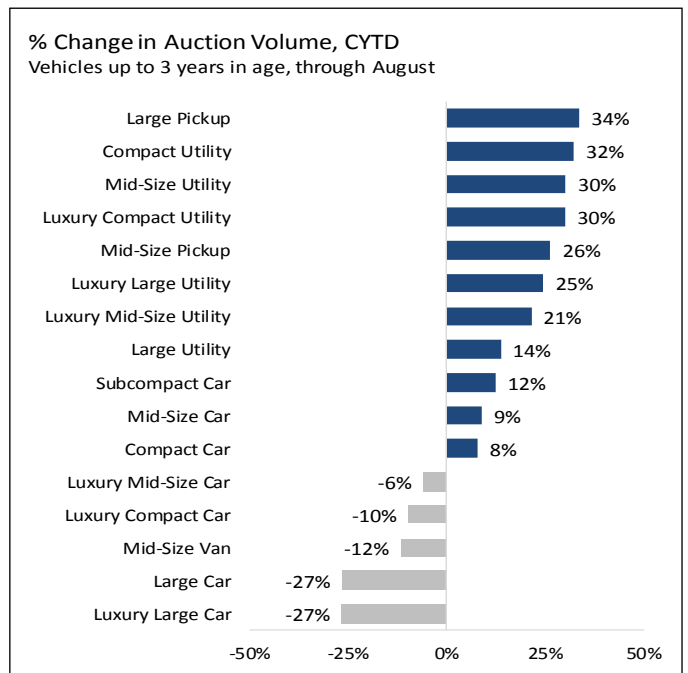
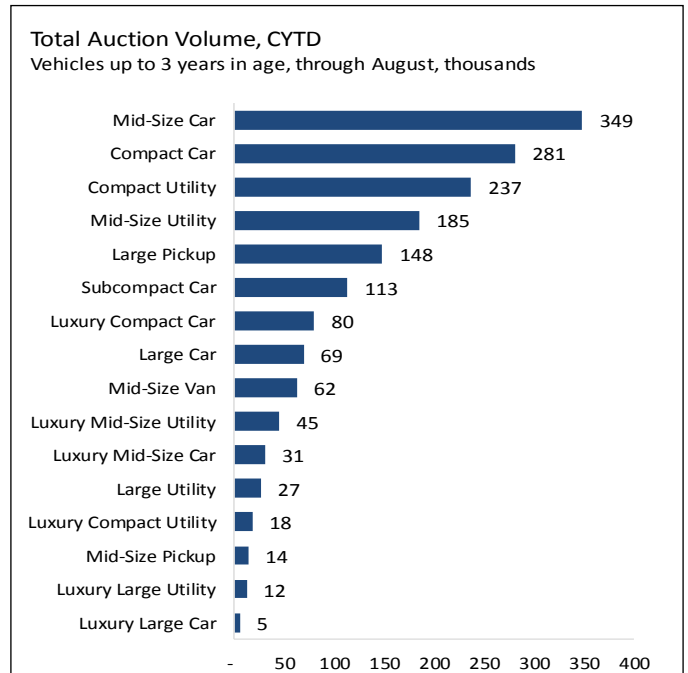
The only segment to experience an improvement in depreciation relative to last year was large utility. Prices for the group fell by 7.1% through August 2015 compared to 6.3% in 2016.

AUCTION VOLUME TRENDS

On a rolling four-week basis, auction sales volume of vehicles up to eight years in age fell by 2% through the week of August 29th. Late-model auction volume (vehicles up to three years old) was flat over the period. The biggest increase occurred on 2016 models (17%), which is typical for the time of year as rental companies accelerate remarketing activity on recent model year units in service the longest. Sales volume of 2014 and 2015 models grew by just 1% and 3%, respectively, during the period.

Year-to-date, auction sales volume of models up to eight years of age stands at 3.12 million, up 7%. Late-model volume is up 10% to 1.82 million.

Mid-size and compact cars continue to dominate late-model volume, with auction share much higher than new sales share (35% versus 25%, respectively). However, compact



[NEW & USED MARKET TRENDS *CONTINUED*]

and mid-size utility and large pickup volume has grown substantially; share is catching up as a result. Overall, the collective of the three truck segments stands at 31% growth year-to-date, up 5-percentage points from last year's 26% figure. That established, the trio's share of auction sales volume continues to trail their 41% portion of new sales recorded through August.

SEPTEMBER 2016 USED VEHICLE PRICE FORECAST

NADA Used Car Guide's September 2016 forecast has prices of vehicles up to eight years in age falling by 3.3% to 3.8% when compared to August. The anticipated drop is right in line with the 3.4% decline averaged for the month in 2015.

Subcompact car prices are expected to drop by around 4%, while compact, mid-size and large car prices should fall by an average of 3.8%. Prices for car segments fell at similar rates last September.

Compact utility and mid-size utility depreciation is expected to reach 3.4%, while mid-size van prices are expected to fall by around 3.9%. Large pickup and large utility depreciation should increase and prices should decline by around 3%. Luxury segment losses — both car and truck — are expected to average roughly between 2.9% – 3.5%.

Excluding December, monthly losses are expected to be slightly softer for the remainder of the year. As a result, NADA Used Car Guide's full-year forecast has prices down by an average of 4% on an index-basis from 2015.

SEPTEMBER OFFICIAL USED CAR GUIDE VALUE MOVMENT

Trade-in values in August's edition of the NADA Official Used Car Guide® decreased by 2.4% relative to August. Car values were lowered by 2.7% relative to August, while truck values were reduced by 2.1%. Luxury vehicle values were lowered 1.9%, and non-luxury values were decreased by 2.5%. At the segment level, large vans performed the worst as values for the group were lowered by an average of 3.4%. Large pickup values were reduced by an average of just 1.1%, the lowest amount among all segments.

NEW VEHICLE SALES STALL FOR THE THIRD TIME THIS YEAR

U.S. light vehicle sales fell by 3.4% in August as deliveries for most of the industry's top automakers declined from last year. The month also marked the third year-over-year

[NEW & USED MARKET TRENDS *CONTINUED*]

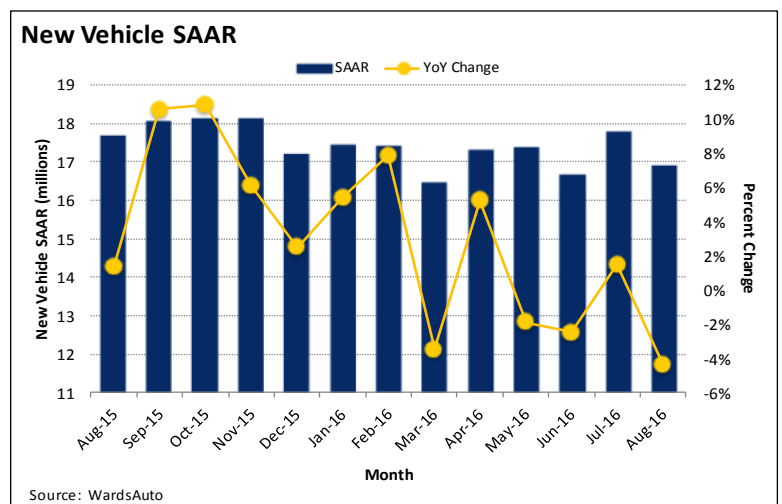
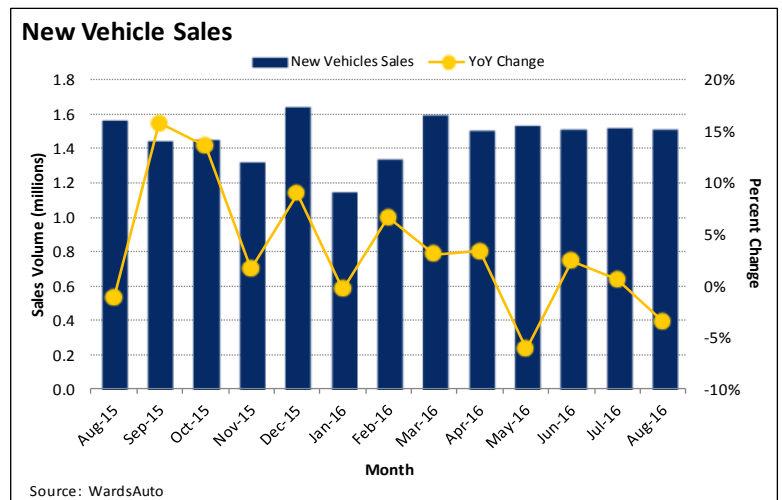
decline recorded this year. Prior to 2016, prices had contracted just once (August 2015) since March 2014 — a span of 22 months. With light vehicle deliveries totaling 1.51 million, the seasonally adjusted annual rate (SAAR) reached 16.91 million in August, down from both July's 17.80 million figure and last August's 17.69 million result. New vehicle sales stand at 11.62 million year-to-date, up a slight 0.5% from last year's eight-month total.

Following a familiar pattern, passenger car sales fell once again, dropping 14%, while light duty truck sales increased, rising 4%. Trucks accounted for 62% of new vehicle deliveries and cars just 38%. Last August the figures were 57% and 43%, respectively.

General Motors' sales fell by 5% as every brand within the automaker's stable (save Cadillac) experienced a decline. Strong sales of its new XT5 mid-size utility helped lift Cadillac's sales by 4%, while lower Silverado and Sierra pickup sales helped pull Chevy and GMC deliveries down by respective averages of 4% and 14%. Buick sales were off by 3%. GM's sales are down 4% for the year.

Ford Motor Co. followed up July's 3% loss with a nearly 9% tumble last month. Lincoln's sales surged 7% due to strong demand for its redesigned MKX mid-size utility, however it couldn't offset a 9% decline for the OEM's namesake Ford brand. Sales of its top-selling F-Series pickup were down 6%, while deliveries of its third biggest seller, the Fusion mid-size car, were down a considerable 33%. Ford Motor's sales are up 1.5% for the year.

Toyota Motor Sales saw customer purchases fall by 5% due to respective 6% and 8% drops for its Toyota and Lexus brands. Sales for the sun-setting Scion brand were up 44%. Toyota's 4Runner, Highlander and RAV4 utilities did well, but most other models



[NEW & USED MARKET TRENDS *CONTINUED*]

fared poorly. Lexus was pulled down by soft car performances. Toyota Motor's sales are down 3% for the year.

Fiat Chrysler Automobiles was the lone domestic manufacturer to notch a gain in August. Sales for the group improved by 3% due mostly to the continued strength of its Jeep (12%) and Dodge (5%) brands. Ram deliveries were also up (1%), but Fiat and Chrysler sales were down by an average of 21%. The latter two brands haven't experienced a lift in sales the entire year. Overall, FCA's sales are up 4% for the year.

American Honda Motors sales, down 4%, dropped for just the third time this year. Deliveries for its namesake Honda brand were off 4% while Acura sales fell 7%. Sales of Honda's redesigned Pilot crossover fell 9% due to last August's selling frenzy when consumers snatched up the discounted outgoing model in droves. Accord sedan sales were down a substantial 26%. Only the MDX utility notched an increase for Acura. Honda Motor's sales are up 4% for the year.

Nissan North America's sales fell 7%, pulled down by a 7% loss at the Nissan brand. Incredibly, sales of Nissan's aged Frontier pickup were up 161% from last year (up 45% YTD), while Maxima sedan, Murano, and Rogue utility sales also increased. Deliveries for most remaining models were down, however. Infiniti sales fell by a lesser 2%. Nissan's sales are up 5% for the year.

There were numerous notable sales developments from smaller brands. Continuing to be supported by new product, Jaguar Land Rover and Volvo deliveries increased once again, rising by 46% and 31%, respectively. Subaru's sales jumped by 15% on strong demand for its Outback utility. Volkswagen brand suffered another 9% drop. BMW's sales dropped 8% and are now

Mainstream Brand Performance (Units Sold)					Change From	
	Aug-16	Jul-16	Aug-15	YTD-16	Month Ago	Year Ago
Buick	21,678	22,960	22,281	148,845	-5.6%	-2.7%
Chevrolet	175,965	178,820	183,098	1,361,675	-1.6%	-3.9%
Chrysler	18,753	19,095	24,132	167,151	-1.8%	-22%
Dodge	44,340	35,520	42,195	355,998	24.8%	5.1%
Fiat	2,732	2,754	3,477	22,078	-1%	-21%
Ford	200,273	201,979	221,109	1,664,938	-0.8%	-9.4%
GMC	42,440	51,137	49,363	348,164	-17.0%	-14.0%
Honda	135,325	139,125	140,178	987,811	-2.7%	-3.5%
Hyundai	70,518	75,003	72,012	519,582	-6.0%	-2.07%
Jeep	86,468	79,246	77,277	630,182	9.1%	12%
Kia	54,248	59,969	58,895	442,544	-9.5%	-8%
Mazda	26,109	27,915	29,938	199,378	-6.5%	-12.8%
Mini	4,969	4,774	5,109	34,887	4.1%	-3%
Mitsubishi	7,336	7,890	8,289	67,160	-7%	-11.5%
Nissan	114,199	122,530	122,716	969,865	-6.8%	-7%
Ram	43,019	43,055	42,487	335,456	-0.1%	1%
Scion	5,627	6,423	3,895	49,770	-12.4%	44%
Smart	353	493	617	3,439	-28.4%	-43%
Subaru	60,418	52,093	52,697	391,969	16.0%	14.7%
Toyota	176,560	179,920	186,999	1,364,996	-2%	-5.6%
Volkswagen	29,384	28,758	32,332	207,156	2%	-9%

Source: WardsAuto

Luxury Brand Performance (Units Sold)					Change From	
	Aug-16	Jul-16	Aug-15	YTD-16	Month Ago	Year Ago
Audi	19,264	18,364	18,794	134,562	4.9%	2.5%
BMW	25,531	25,777	27,755	204,744	-1.0%	-8%
Acura	14,246	13,674	15,313	106,914	4%	-7%
Alfa Romeo	37	43	97	375	-14%	-62%
Cadillac	16,346	14,341	15,738	103,918	14%	3.9%
Genesis	1,497			1,497		
Infiniti	10,439	9,945	10,635	85,362	5.0%	-2%
Jaguar	3,298	3,398	1,143	17,687	-3%	189%
Land Rover	6,031	6,075	5,225	48,754	-1%	15%
Lexus	30,938	27,890	33,487	210,392	10.9%	-7.6%
Lincoln	9,243	9,098	8,636	71,638	2%	7.0%
Mercedes-Benz	31,556	31,795	30,633	241,890	-0.8%	3.0%
Porsche	5,181	3,878	5,008	35,767	33.6%	3.5%
Tesla	3,515	3,270	1,750	23,435	7.5%	100.9%
Volvo	7,682	8,584	5,869	52,786	-11%	31%

Source: WardsAuto

[NEW & USED MARKET TRENDS *CONTINUED*]

down 8% for the year. Mercedes' sales increased 2% in August and are up 1% YTD. Mercedes extended its annual sales lead over BMW and Lexus by an average of 19,200 units.

INCENTIVES UP FOR THE 17th STRAIGHT MONTH

Automakers pushed incentive spending up 9% on a prior-year basis in August to an average of \$3,378 per unit according to Autodata. The month was the 17th in a row with a year-over-year increase. Incentive spending year-to-date stands at an average of nearly \$3,178 per unit, up 12% versus the seven-month period last year.

Among the U.S. Big Three, GM raised incentives 4% to an average of \$4,200 for the month. Spending at Ford Motor Company rose by 20% to \$4,150, while FCA pushed incentives up 17% to \$4,200.

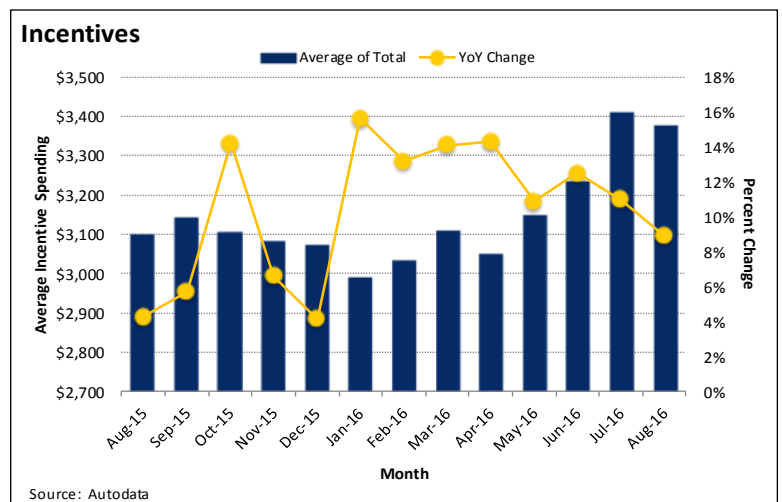
Toyota Motor Sales raised incentives 9%, but the roughly \$2,400 spent per unit remained considerably less than the industry average. American Honda reduced incentives by 24% to \$1,612, while Nissan North America increased spending by 11% to \$3,800.

BMW raised incentives 43% in August to an average exceeding \$7,000, making it the third month in a row the OEM raised discounts more than 40%. Mercedes dropped spending by nearly 6% to \$4,400, while Audi increased discounts by 12% to \$3,250.

At a brand level, Buick's \$6,200 average (-8%) was by far highest among mainstream nameplates. Ram, Volkswagen, Chrysler and Fiat each spent more than \$4,500 per unit on incentives last month. At the other end of the spectrum, Subaru's incentives averaged just \$977. Luxury brand spending was bookended by Lincoln's nearly \$7,300 high (+14%) and Porsche's \$1,631 low (+91%).

DAYS SUPPLY HITS HIGHEST AUGUST LEVEL SINCE 2004

Days' supply grew six days from last year to 61 at the end of August according to



[NEW & USED MARKET TRENDS *CONTINUED*]

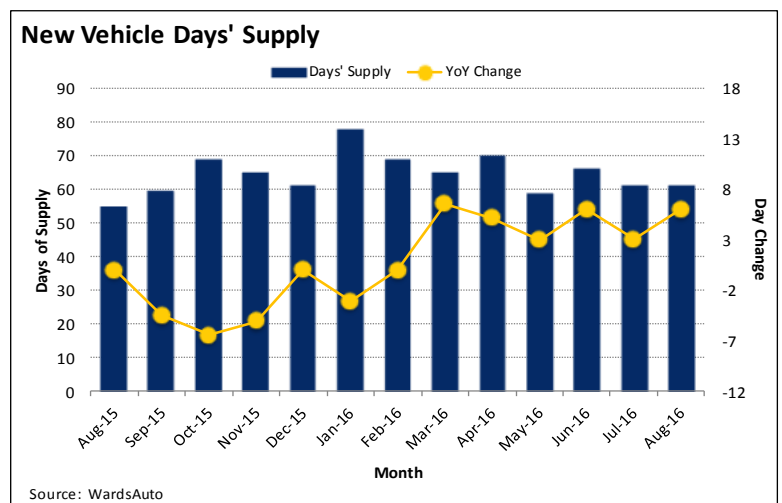
WardsAuto. The figure is the highest for an August since 2004 when it reached 63 days. Supply was 61 days at the end of July.

GM's supply reached 74 days over the month, up 11 days from last August. Inventory was highest for the automaker's Buick (86) and GMC (82) brands. Ford Motor Company's supply hit 71 days (Ford 70 days, Lincoln 100), while FCA's inventory reached 74 days (Fiat's figure was a whopping 121 days).

Toyota Motor's supply rose 9 days from prior-year levels, but remained lean at 46. Inventory for Honda was up 8 days to 55 (Honda 53 days, Acura 75). Nissan's inventory rose 6 days to 65 (Nissan 66 days, Infiniti 59).

As for other luxury automakers, Porsche inventory jumped 39 days to 84, however, the increase was due to the ramp-up of the re-worked 911 and Cayman. BMW's inventory reached 36 days, which may allow the German automaker to pull back slightly on incentives. Volvo, Audi, Daimler and Jaguar Land Rover inventory ranged from 46 to 57 days.

Subaru's 21 days of supply remained lowest in the industry, while Mitsubishi's 127 day figure was highest.



[ECONOMIC UPDATE]

EMPLOYMENT AND WAGES

Employment and wage growth in the U.S. slowed more than expected in August after two straight months of robust gains eased. The occurrence effectively rules out an interest rate increase from the Federal Reserve this month.

Non-farm payrolls rose by 151,000 jobs in August after an upwardly revised 275,000 increase in July. Conversely, both the construction and manufacturing sectors saw a decline. The overall unemployment rate was unchanged at 4.9% as more people entered the labor market. Although a broader measure of unemployment, the U-6 rate remained unchanged for the month at 9.7%. Wage growth slowed to a disappointing gain of just 0.1%.

The step-down in employment comes after the economy created a total of 546,000 jobs in June and July. With the labor market near full employment and the economy's recovery from the 2007-09 recession showing signs of aging, a slowdown in job growth is normal.

The added payroll gains in July combined with stronger consumer spending, residential construction, and durable goods orders could suggest an economic growth lift, which was 1% the first half of 2016.

ENERGY SECTOR

Global energy markets mirrored domestic expectations in August. Average gasoline prices dropped to \$2.15 per gallon for the month, approximately \$0.48 per gallon (18.3%) less than last year. As prices reach a four-month low, there is a clear indication that lagging demand continues to put downward pressure on oil prices as the market settles closer to a new equilibrium.

The supply glut continues to lead to a sustained decline in U.S. production, while there continues to be an uptick in imports as well as inventories. Brent crude and WTI future prices reached a low of \$40 per barrel in the month of August, but have steadily risen throughout the month. In response to the supply glut, OPEC is once again discussing a production freeze in the near future; however, considering the organization is pumping

[ECONOMIC UPDATE *continued*]

more oil than ever before, a significant production cap in output level would be the only remedy to fix this oversupplied market.

HOUSING MARKET

According to The National Association of Realtors, the median home price decreased to \$244,100 in July. The price was down 1.4% from June and up 5.3% from July of last year. The median home price has increased by nearly \$12,300 in the past year alone. Home sales were at a seasonally adjusted annual rate of 5.4 million homes during the month of July. This was a decrease of 3.2% from June, and a decrease of 1.6% from July of last year. There was a 4.7-month supply of housing inventory in July, which increased slightly from June. The total number of homes for sale decreased by 4.1% compared to July of last year.

AT NADA USED CAR GUIDE

What's New

The new NADA Values Online introduces New Vehicle Values, a range of values that provide new vehicle pricing guidance based on actual market transactions and market influencers. It also includes inventory valuation, vehicle valuation trends and a custom reporting tool to help you see vehicle values from every angle.

With NADA Values Online, you have the data and insight you need to make better business decisions and see better outcomes.

See how we can help your business >> Go to nada.com/valuesonline.

On the Road

Chris Visser will attend the Used Truck Association Convention in Savannah, GA, Nov. 8 – 13.

Learn from Jonathan Banks and Larry Dixon as they speak and present at the National Remarketing Conference (Used Car Week) in Las Vegas, November 14 – 18.

Say, "Hi" to Mike Stanton at the 2016 National Auto Auction Association conference in Las Vegas, November 16 – 18.

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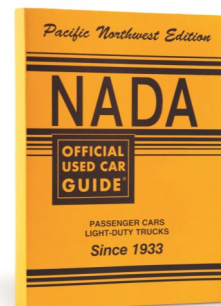
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NADA USED CAR GUIDE CONSULTING SERVICES

NADA Used Car Guide's market intelligence team leverages a database of nearly 200 million automotive transactions and more than 100 economic and automotive market-related series to describe the factors driving current trends to help industry stakeholders make more informed decisions. Analyzing data at both wholesale and retail levels, the team continuously provides content that is both useful and usable to the automotive industry, financial institutions, businesses and consumers.

Complemented by NADA Used Car Guide's analytics team, which maintains and advances its internal forecasting models and develops customized forecasting solutions for automotive clients, the market intelligence team is responsible for publishing white papers, special reports and the Used Car & Truck Blog. Throughout every piece of content, the team strives to go beyond what is happening in the automotive industry to confidently answer why it is happening and how it will impact the market in the future.

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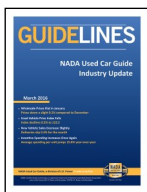
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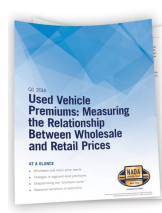
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ADDITIONAL RESOURCES



Guidelines

Updated monthly with a robust data set from various industry sources and NADA Used Car Guide's proprietary analysis, *Guidelines* provides the insight needed to make decisions in today's market.



White Papers

NADA Used Car Guide's white papers and special reports aim to inform industry stakeholders on current and expected used vehicle price movement to better maximize today's opportunities and manage tomorrow's risk.



Perspective

Leveraging data from various industry sources and NADA Used Car Guide's analysts, *Perspective* takes a deep dive into a range of industry trends to determine why they are happening and what to expect in the future.



Used Car & Truck Blog

Written and managed by the Market Intelligence team, the Used Car & Truck Blog analyzes market data, lends insight into industry trends and highlights relevant events.

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