GUIDELINES

Commercial Truck Guide Industry Update

January 2016

- **Daycab vs. sleeper retail pricing similar to previous years**
- **Construction market running moderately behind 2014**
- **Auction volume ramped back up in December**

NADA Used Car Guide, a division of J.D. Power | nada.com/b2b

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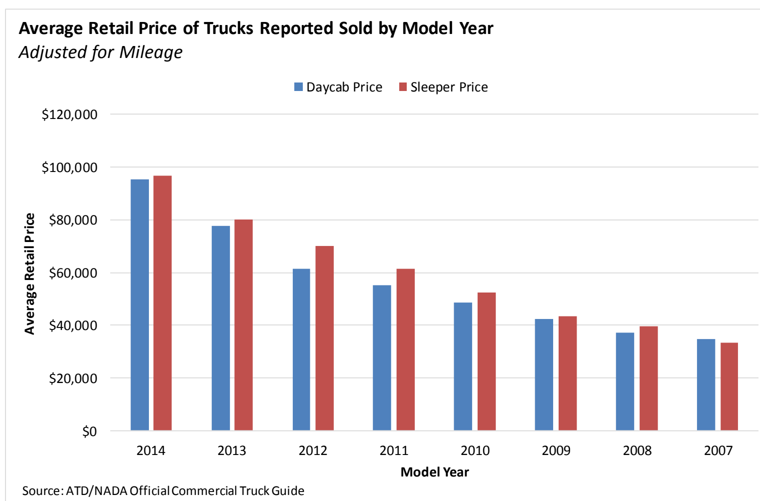
COMMERCIAL TRUCK MARKET TRENDS

Market Summary

To continue our 2015 review, this month we'll look at market performance of daycabs and construction trucks in addition to sleeper tractors.

Daycabs

The typical daycab offered for retail sale on a dealer's lot is just over 100 months old and has 425,000 miles. Compare this to the typical sleeper, which is 72 months old and has 490,000 miles. Despite their higher annual mileage, sleepers still hold a premium over daycabs back to model year 2009 on a mileage-adjusted basis. This performance is somewhat surprising given the vastly greater supply and devaluation of sleeper tractors in the auction lanes. As we've stated, decreased pricing for trucks at auction has not yet fully carried over to the retail channel. The retail market still places a premium on a sleeper tractor up to seven years of age, all else being equal.

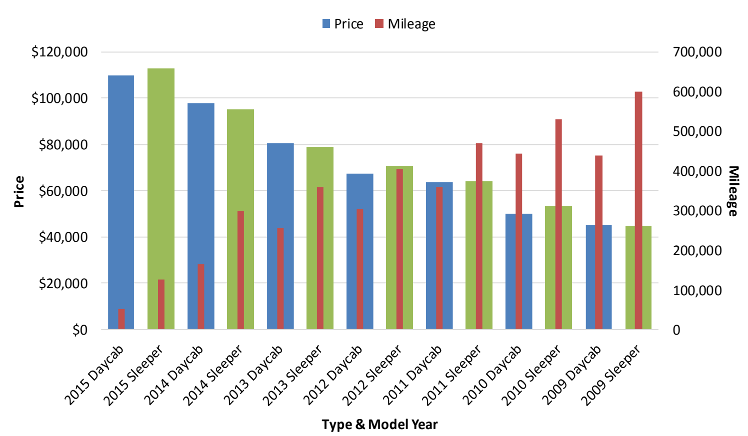


Adjusted for mileage, three to five year-old daycabs sold at retail for an average of 8% less money than their sleeper counterparts in 2015. The difference was greatest for trucks of model year 2012, in which there was a 12.4% premium for sleepers. The difference is narrower in the newest model years (2014 and newer), since supply of two year-old

[COMMERCIAL TRUCK MARKET TRENDS *continued*]

sleepers is notably lower than older units. Daycabs strengthen comparatively over time, achieving near-parity with sleepers starting at about seven years of age. This is due to the much lower supply of available older daycabs and the notably higher mileage of older sleepers. See "Average Retail Price of Trucks Reported Sold by Model Year" graph for detail.

Of course, the sleeper premium does not hold up when comparing pricing on an unadjusted basis. The value difference between the two configurations is much tighter if mileage is not considered, due to the lower annual mileage accumulation of daycabs. Looking at pricing this way shows relative value by age. See "Daycab vs. Sleeper Retail Price and Mileage" graph for detail.



Source: ATD/NADA Official Commercial Truck Guide

This is a broad look at the pricing difference between daycabs and sleepers. We can provide more in-depth analysis of specific brand performance through our consulting services.

Construction Trucks

In 2015, the construction market performed similarly to 2014, with some strength in selected regions and applications. Nonresidential construction was relatively strong on average, residential was moderately healthy (regionally), mining and raw materials were weak, and energy weakened as 2015 progressed.

On average, the typical construction truck sold in 2015 was 128 months old and had 251,326 miles. Compared to 2014, trucks sold were 8 months newer and had 34,613 (or 12.1%) fewer miles. Universal average pricing was nearly identical, at $63,317 in 2015 and $63,200 in 2014. Overall, there were about 7% fewer construction trucks sold in 2015 than 2014.

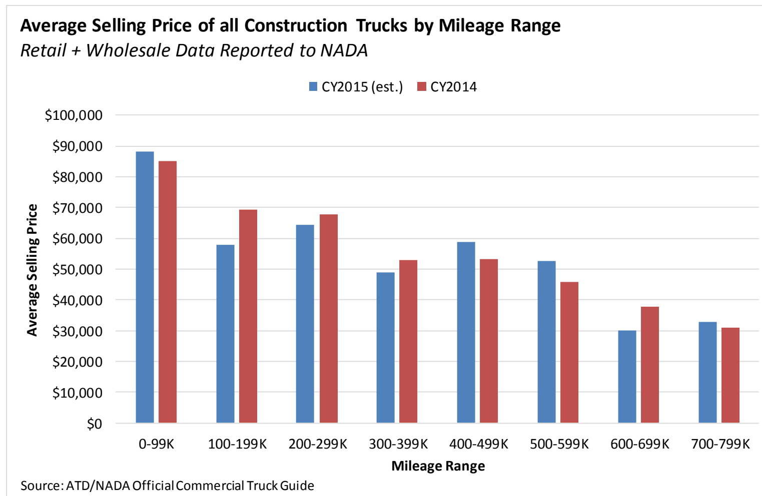
Trucks of model year 2007 saw the highest sales volume in both periods, mainly because that was the last high-build year before the recession. Availability of newer trucks improved in 2015, with the 2009 and 2010 model years seeing the most notable

[COMMERCIAL TRUCK MARKET TRENDS *continued*]

increase year-over-year.

This increased supply resulted in notable price erosion for six and seven year-old trucks. In 2015, trucks of model year 2010 brought $73,829, while 2009's brought $68,890 on average. In 2014, trucks of model year 2009 brought $79,073, while 2008's brought $74,430. This means the average six year–old construction truck in 2015 brought 6.6% less money, while the average seven year-old unit brought 7.4% less.

Looking at specific models, Peterbilt and Mack appear to be the most popular makes in this segment. Peterbilt's 367 returned the highest volume in newer model years (2010 and newer), while Mack's GU713 and CV/CT713 were the highest volume of trucks seven years of age and older. International's 7000-series was also popular in older model years.



Availability of newer trucks should continue to improve, as the higher-build 2012 and 2013 model years continue to return to the secondary market in greater numbers. Demand for construction trucks by sector should run slightly behind 2015 over the next few quarters.

See the "Average Selling Price of all Construction Trucks…" graph for detail.

Sleeper Tractors – Wholesale

The volume of sleeper tractors sold through the nation's largest no-reserve auction companies increased dramatically in December, following a subdued November. Over the past six months, volume has followed an every-other-month pattern, with August, October, and December showing extremely high volume, and September and November showing much lower volume. December's volume was a surprise, as we had predicted volume would be limited due to fewer auctions on the calendar in November and December compared to previous months.

Looking at our benchmark group of the three highest-volume sleeper tractors, we

[COMMERCIAL TRUCK MARKET TRENDS *continued*]

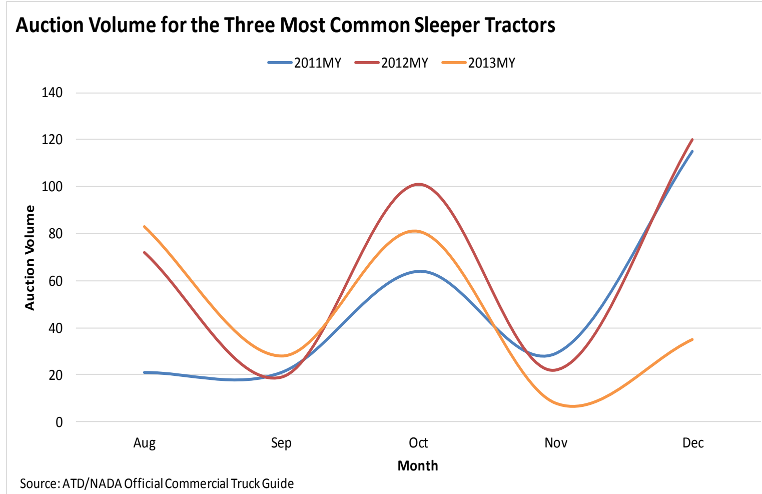
estimate there were 120 trucks of model years 2011 and 2012 sold in December through one of the two large nationwide no-reserve auction houses. Trucks of model year 2013 saw much less volume, at approximately 35. See the "Auction Volume for the Three Most Common Sleeper Tractors" graph for detail.

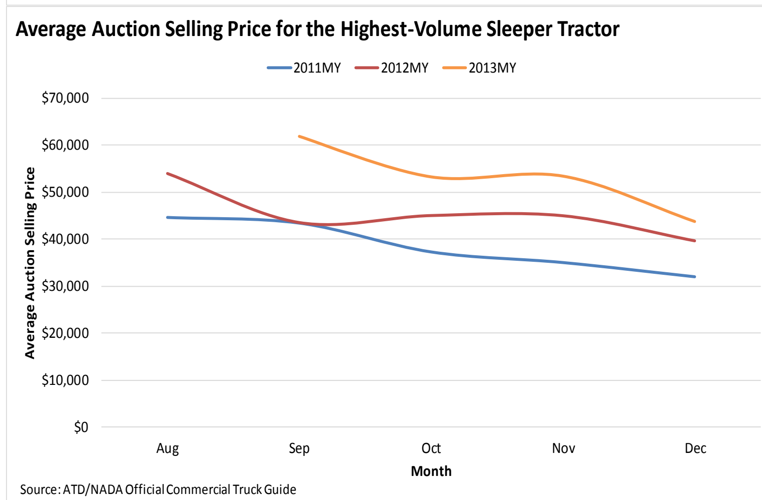
Pricing for the highest-volume model in this group was hit hard as a result of the increased volume, with three year-old trucks bringing 18% less money than November. Four year-old trucks brought 12% less, and five year-old trucks brought 9% less. Since September, 3-5 year-old examples of this model lost an average of 22% of their value. See the "Average Auction Selling Price for the Highest-Volume Sleeper Tractor" graph for detail.

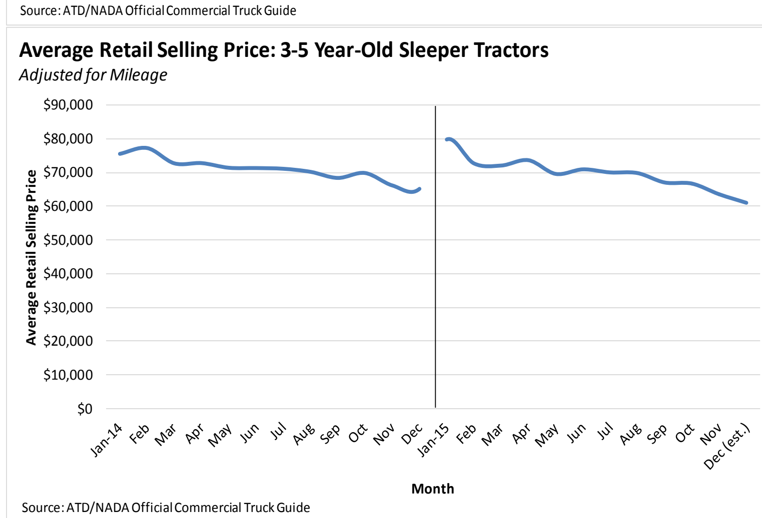
Devaluation at no-reserve auctions has infected the larger wholesale market. Trucks 3-5 years of age lost about 20% of their value from the third quarter to the fourth when all wholesale sectors (dealer-to-dealer, auction, and non-retail sale) are accounted for. There is only so long a dealer can hold on to aged inventory, particularly at the end of the year.

Sleeper Tractors – Retail

As of this writing in early January, December's retail data is still coming in. However, we estimate the sleeper market overall lost about 6% of its value from the third quarter to the fourth, with most of that depreciation occurring in November and December. The 3-5 year-old benchmark group lost approximately

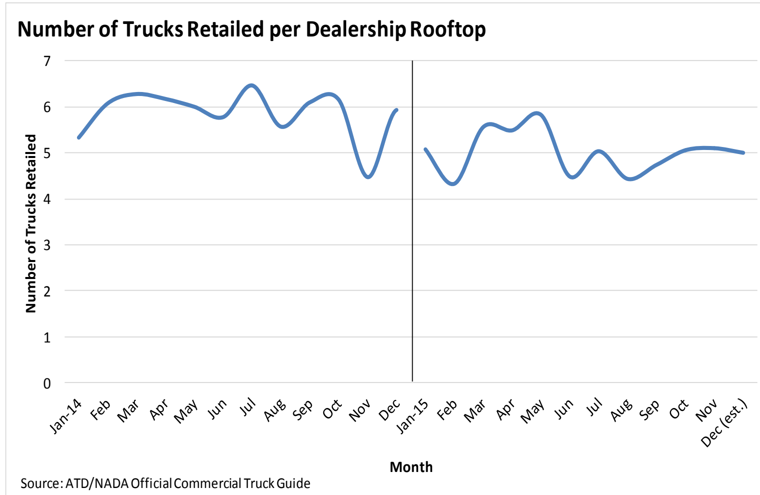






[COMMERCIAL TRUCK MARKET TRENDS *continued*]

7% of its value in that period. See “Average Retail Selling Price: 3-5 Year-Old Sleeper Tractors” graph for detail.



Volume was subdued in the fourth quarter, which is not unusual. The total number of sleeper tractors reported sold retail in that period was about 30% lower than in the previous three quarters. Trucks of model year 2012 saw the most volume, representing roughly 20% of our total retail sleeper database. See “Number of Trucks Retailed per Dealership Rooftop” graph for detail.

A 7% decline is milder than one might predict given the devaluation in the wholesale channel. Dealers are still holding on to inventory, waiting to see how 2016 unfolds.

Forecast

Devaluation of sleeper tractors at auction due to greatly increased supply has begun to infect the larger wholesale market. Retail pricing decreased more than usual in the past two months, but not at a rate comparable to wholesale pricing. The increase in December new truck orders was a positive sign, providing some support for the widely-held assumption that 2016 will perform slightly behind 2015. The long-term extension of Section 179 tax incentives, along with the lifting of the ban on domestic crude oil exports, are a net positive for trucking. Overall, though, the supply of high-build 2012 and newer sleeper tractors is here to stay, and we forecast monthly retail depreciation in 2016 to look more like November and December than earlier months.

[ATD/NADA OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS]

Monthly Change in ATD/NADA Commercial Truck Guide Value

January 2016 v. December 2015

Used Car Guide Segment	2010MY	2011MY	2012MY	2013MY	2014MY*
Commercial Van	-0.1%	-0.2%	-0.2%	0.3%	-0.7%
Extended Hood	0.0%	0.0%	0.0%	-2.1%	0.0%
Highway Aerodynamic	0.1%	-0.1%	-0.3%	-0.3%	-0.5%
Highway Traditional	0.0%	0.0%	0.0%	-2.9%	0.0%
Local/Delivery Daycab	0.2%	0.0%	-0.1%	1.0%	4.8%
Medium Duty Cabover	0.0%	0.0%	0.0%	0.0%	#DIV/0!
Medium Duty Conventional	0.0%	0.0%	0.0%	0.0%	0.0%
Vocational/Construction	-6.8%	-8.3%	-11.7%	-13.3%	0.0%

**Value movement can be influenced by newly valued vehicles.*

Annual Change in ATD/NADA Commercial Truck Guide Value

January, 2015 v. 2016

Used Car Guide Segment	5YR	4YR	3YR	2YR	Segment Change
Commercial Van	10.1%	-1.2%	-0.5%	N/A	1.4%
Extended Hood	-6.5%	-4.8%	-5.2%	N/A	-10.9%
Highway Aerodynamic	-12.7%	-4.8%	1.3%	N/A	-13.1%
Highway Traditional	-4.4%	-0.8%	-5.9%	N/A	-15.5%
Local/Delivery Daycab	-5.3%	12.5%	-1.6%	N/A	-7.4%
Medium Duty Cabover	-9.3%	13.5%	N/A	N/A	-7.4%
Medium Duty Conventional	2.1%	15.2%	-8.5%	N/A	-4.0%
Vocational/Construction	-12.5%	-17.5%	-0.6%	N/A	-20.0%

**Calculations are based on vehicle age, i.e. values for 1-year-old vehicles in CY2016 are compared against values for 1-year-old vehicles in CY2015.*

YTD Change in ATD/NADA Commercial Truck Guide Value

January — December 2015

Used Car Guide Segment	2010MY	2011MY	2012MY	2013MY	2014MY*	Segment
Commercial Van	1.7%	2.5%	-14.0%	5.9%	4.9%	0.5%
Extended Hood	-9.9%	-16.1%	-14.4%	-20.9%	-10.3%	-13.3%
Highway Aerodynamic	-12.7%	-20.7%	-24.7%	-21.2%	-10.5%	-16.4%
Highway Traditional	-11.3%	-16.7%	-15.3%	-14.8%	-11.0%	-14.9%
Local/Delivery Daycab	-9.4%	-14.4%	-14.1%	-15.7%	-13.2%	-8.8%
Medium Duty Cabover	-21.9%	-11.2%	-15.2%	0.7%	N/A	-13.9%
Medium Duty Conventional	-9.2%	-7.8%	-7.1%	0.6%	-17.5%	-5.0%
Vocational/Construction	-24.1%	-20.2%	-8.4%	-8.9%	-10.1%	-15.4%

AT NADA USED CAR GUIDE

What's New

Get Ahead with Used Car Guide Lender Advantage. Getting ahead in tomorrow's marketplace is going to get harder, but Used Car Guide Lender Advantage is here to help. Our team of experts offers a full suite of vehicle analysis services — backed by Used Car Guide's vast data and extensive industry experience — that puts you in the fast lane for success. Services include:

- Vehicle risk analysis
- Remarketing planning
- Portfolio analysis
- Stress testing

With Used Car Guide Lender Advantage, 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/advantage**.**

On the Road

Jonathan Banks, Larry Dixon and members of the NADA Used Car Guide staff will attend the 2016 North American International Auto Show in Detroit, Jan. 11 – 12.

Ryan Morris will attend the 2016 Chicago Auto Show in Chicago, Feb. 11 – 12.

Mike Stanton, Jonathan Banks and NADA Used Car Guide staff will attend the 2016 Automotive Forum in New York City on March 22.

About NADA Used Car Guide, a division of J.D. Power and Associates

Since 1933, NADA Used Car Guide has earned its reputation as the leading provider of vehicle valuation products, services and information to businesses throughout the United States and worldwide. NADA Used Car Guide's team collects and analyzes over one million combined automotive and truck wholesale and retail transactions per month. Its guidebooks, auction data, analysis and data solutions offer automotive/truck, finance, insurance and government professionals, the timely information and reliable solutions they need to make better business decisions. Visit nada.com/b2b to learn more about solutions for your business and nada.com/usedcar to stay abreast of the latest used and new vehicle market trends.

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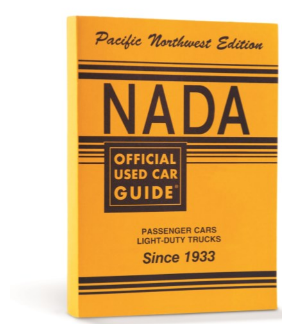

NADA USED CAR GUIDE CONSULTING SERVICES

NADA Used Car Guide's market intelligence team leverages a database of nearly 200 million transactions and more than 100 economic and 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 dealers, 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 clients, the market intelligence team is responsible for publishing white papers, special reports and the Commercial Vehicle Blog. Throughout every piece of content, the team strives to go beyond what is happening in the industry to confidently answer why it is happening and how it will impact the market in the future.

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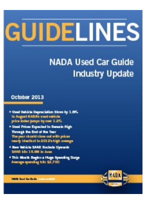
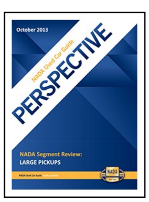
ADDITIONAL RESOURCES



Guidelines

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



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.

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.

Commercial Vehicle Blog

Written and managed by Senior Analyst Chris Visser, the Commercial Vehicle Blog analyzes market data, lends insight into industry trends and highlights relevant events.

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