

GUIDELINES

Commercial Truck Guide Industry Update

April 2016

- Retail depreciation catching up to wholesale
Selling prices are more aggressively discounted to move inventory
- Medium duty segments continue to outperform 2015
Stable to higher pricing combined with increased volume is a net-positive
- Special Study: Automated vs. Manual Transmission Values

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



NADA Used Car Guide and its logo are registered trademarks of National Automobile Dealers Association, used under license by J.D. Power and Associates. ©2016 J.D. Power and Associates

Licensed to J.D. Power

TABLE OF CONTENTS

Commercial Truck Market Trends 2
 ATD/NADA Official Commercial Truck Guide Value Trends 9
 At Used Car Guide..... 10

COMMERCIAL TRUCK MARKET TRENDS

Retail Depreciation Catching Up to Wholesale

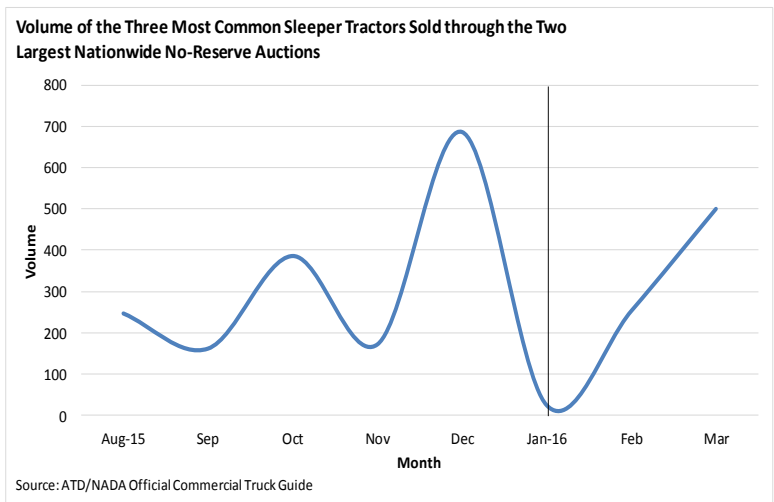
Depreciation in the retail channel is catching up to devaluation in the auction lanes. Dealers are more aggressively reducing pricing to move aging inventory. Medium duty segments are generally outperforming 2015, with pricing stable despite higher volume. A special study looks at pricing of automated versus manual transmissions in the Class 8 sleeper segment.

Sleeper Tractors – Auction/Wholesale

In the first quarter of 2016, the volume of our benchmark group of sleeper tractors sold was lower than the previous quarter by 37.5%. March was a high-volume month, with 500 of these trucks sold through the nation’s two largest no-reserve auction companies. March was second only to December 2015 for volume.

That said, only one of our benchmark models was responsible for the vast majority of trucks auctioned in March. As such, directional movement looks higher than it actually was for the market as a whole. See the “Volume of the Three Most Common Sleeper Tractors...” graph for detail.

Pricing for our benchmark truck was up in the first quarter for trucks of model year 2011, and down for trucks of model years 2012 and 2013, for a net



[COMMERCIAL TRUCK MARKET TRENDS *continued*]

quarter-over-quarter movement of 2.5%. Specific quarterly performance was as follows:

MY2013: \$42,253 average; \$6,363 (or 13.1%) lower than 4Q 2015

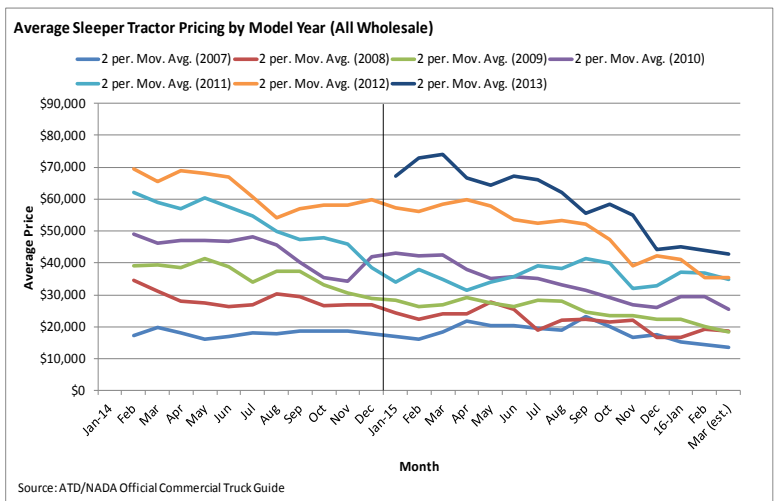
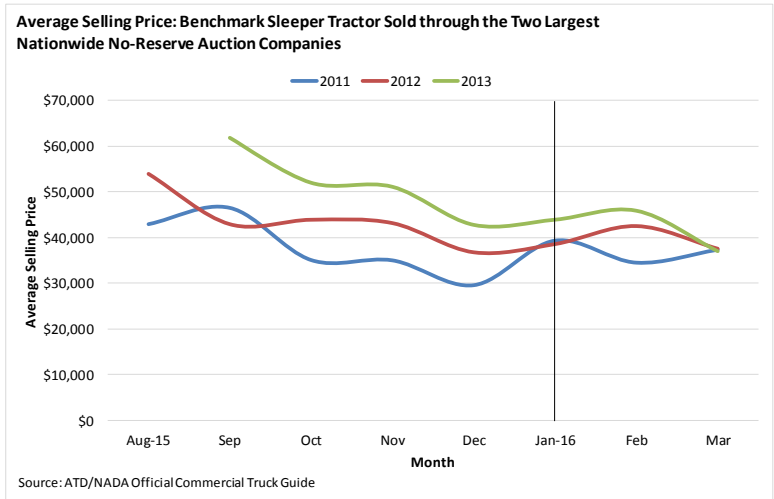
MY2012: \$39,536 average; \$1,726 (or 4.2%) lower than 4Q 2015

MY2011: \$37,040 average; \$3,839 (or 11.6%) higher than 4Q 2015

In March, pricing for these three model years essentially equalized in the low \$37,000 range—an unusual phenomenon that suggests the market is still finding a comfort level with the higher volume of trucks coming off trade. See the “Average Selling Price: Benchmark Sleeper Tractor...” graph for detail.

Looking at the larger wholesale market overall (all sleeper tractors with dealer-to-dealer sales included), the environment was more stable. The average selling price of all sleeper tractors of model years 2013 – 2011 was essentially equal from January to February, at \$38,671 versus \$38,805, respectively. In the 3 – 5 year-old segment (model years 2014 – 2012), trucks lost an average of 2.4% of their value from January to February, with February coming in at \$48,117. Year-over-year, trucks three to five years of age are bringing an average of 13% less money. See the “Average Sleeper Tractor Pricing by Model Year (all Wholesale)” graph for detail.

Our prediction of roughly 4% devaluation per month in wholesale channels should hold true through the second quarter.



[COMMERCIAL TRUCK MARKET TRENDS *continued*]

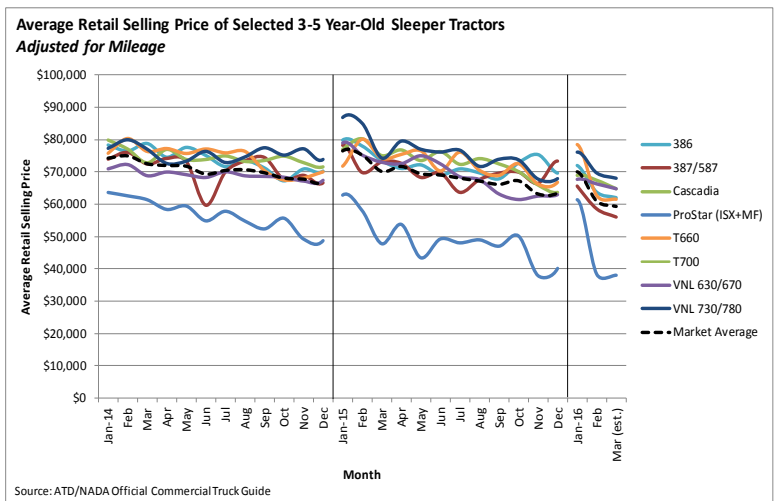
Sleeper Tractors – Retail

Depreciation in the retail channel is catching up to the auction channel. Following January’s 8.1% year-over-year decline in pricing, aerodynamic sleeper tractors three to five years of age lost another 12.9% of their value in February. Year-over-year, sleepers in this age cohort brought 14.4% less money in the first two months of 2016. March data is still incoming as of this writing in early April, but preliminary results point to a relaxation in devaluation. We expect March to show less of a drop from February.

One caveat—the ProStar’s impact on the overall average was outsized in the first quarter. That model performed unexpectedly well in January thanks to a number of sales of ISX-equipped trucks of model year 2014. Three-year-old ProStars with ISX power are performing comparably to other models. Unfortunately, there were no sales of 2014’s reported in February, dropping that model’s average back to a more typical level. Excluding the ProStar, first quarter depreciation averaged an estimated 8.5%, and the year-over-year comparison should show the first quarter of 2016 trailing the same period of 2015 by 13.5%—still substantial declines.

Similarly, most other models declined in a fairly substantial manner. PACCAR MX-powered Kenworth T660’s and Peterbilt 587’s did not perform particularly well in the first quarter. Conversely, Freightliner Cascadias and Volvo 670’s lost less value than the competition, most likely due to the smaller volume of those models running through auction lanes in the early part of the year.

In general, it is likely that dealers are accepting lower offers for their retail units in order to move aging inventory. The steep devaluation in wholesale pricing of the third and fourth quarter of 2015 spilled over to the retail channel in the first quarter of 2016. See the “Average Retail Selling Price of Selected 3 – 5 Year-Old Sleeper Tractors” graph for detail.



Looking at retail sales volume, February came in slightly higher than January, at 4.8 trucks per rooftop compared to 4.6. Preliminary March data points to a moderate

COMMERCIAL TRUCK MARKET TRENDS *continued*

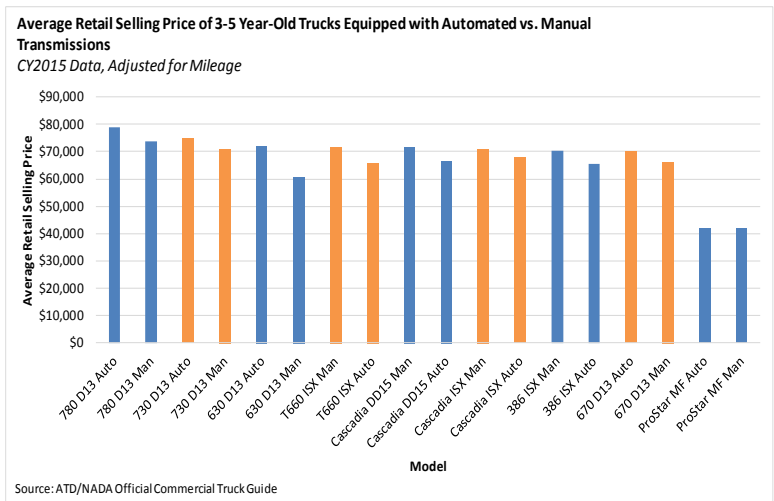
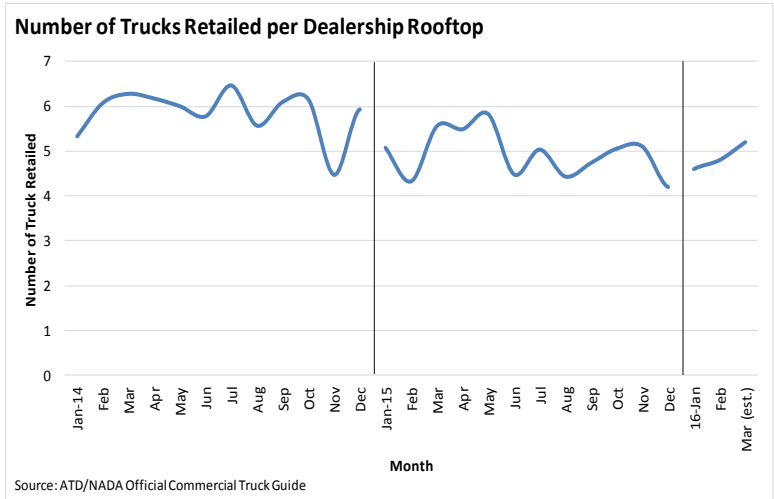
month-over-month increase, to about 5.2 trucks per rooftop. To-date, this result would put 2016 at 0.2 truck behind 2015. Dealers have started to reduce prices more aggressively, and volume of trucks sold should increase accordingly. See “Number of Trucks Retained per Dealership Rooftop” graph for detail.

Special Study – Automated vs. Manual Transmission Values

In recent years, Automated Manual Transmissions (AMT’s) have steadily increased in popularity in the Class 8 highway aerodynamic segment. Currently, the industry-wide installation rate is roughly 20% across the board for non-proprietary transmission/engine combinations, with a few selected proprietary makes approaching 90%. In the used market, AMT’s were traditionally a deduction compared to a manual 10-speed, as perceptions of reliability and increased cost of operation limited demand. However, improved perception of the newest products, plus widespread acceptance of certain proprietary AMT’s, may be changing that equation.

To investigate this issue, we compiled calendar year 2015 retail sales data for 3 – 5 year-old trucks by model and engine/transmission combination. We then adjusted for mileage and calculated the difference in price for each configuration.

The results show that in calendar year 2015, a traditional manual transmission still brought more money than an automated, except in the case of Volvo, whose proprietary iShift transmission averaged 8% more money over a manual when coupled to a D13. Note that the proprietary Detroit DT12 transmission was too new to show up in our data for Freightliner, so that make’s results are represented



[COMMERCIAL TRUCK MARKET TRENDS *continued*]

mainly by the Eaton Ultrashift Plus. See the “Average Retail Selling Price of 3 – 5 Year-Old Trucks Equipped with Automated vs. Manual Transmissions” graph for detail.

In sum, the price difference in 3 – 5 year-old trucks equipped with an automated transmission is as follows:

Freightliner DD15: -6.8%

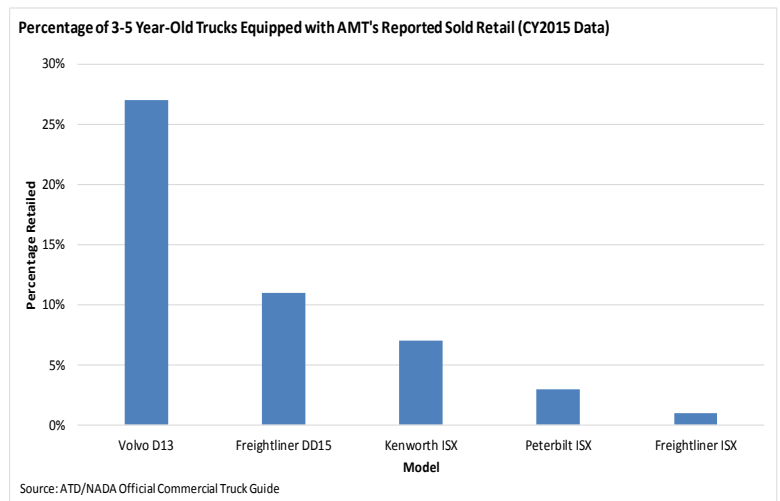
Freightliner ISX: -4.8%

Kenworth ISX: -9.4%

Peterbilt ISX: -6.8%

Volvo D13: +8.1%

Looking at volume of AMT’s in the used truck marketplace, that configuration was still the minority in the 3 – 5 year-old segment. Trucks reported sold with AMT’s ranged from 1% to 27% by make, with Volvo’s iShift representing the high end. The Volvo number may seem low given the vast majority of D13-powered Volvos are built with the iShift. Keep in mind, though, the model years covered in this study were 2013 – 2011. Also, fleets are the main buyers of AMT-equipped trucks, and sales of their trucks don’t necessarily make it into our traditional data collection stream. As a result, the actual number of AMT-equipped trucks on the road is likely higher than our sales data suggests. See the “Percentage of 3 – 5 Year-Old Trucks Equipped with AMT’s...” graph for detail.



We recognize the pricing dynamic for AMT’s is changing rapidly, with the newest trucks generally seeing the strongest pricing. We will continue to monitor selling prices and update our published values accordingly.

[COMMERCIAL TRUCK MARKET TRENDS *continued*]

Medium Duty Trucks

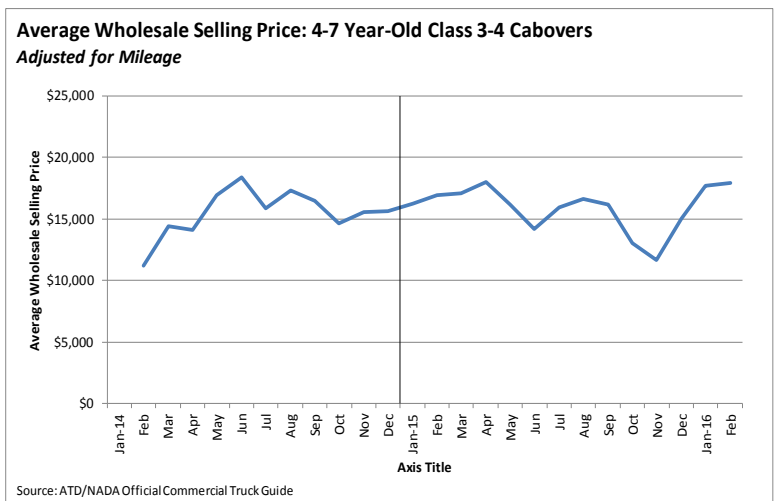
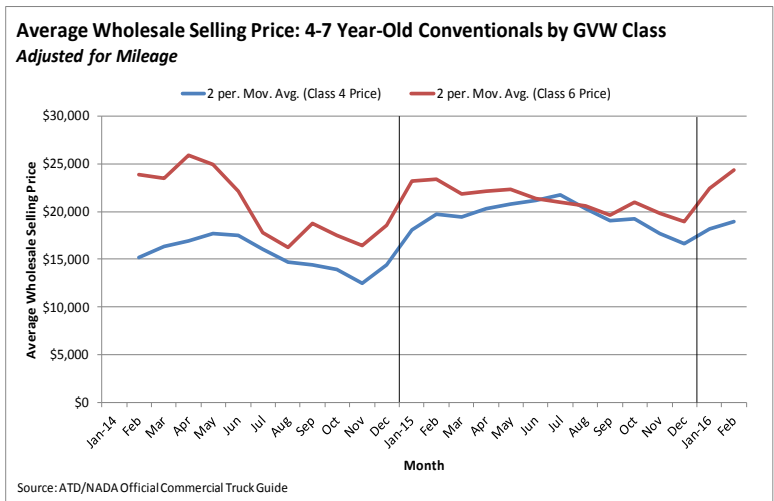
In the first two months of 2016, Class 6 conventionals continued to outperform year-prior results. 4 – 7 year-old units averaged \$24,335 in the first two months of this year, which is \$919 (or 3.9%) higher than last year. Average mileage of this cohort averaged 136,747, which is a substantial 38,629 (or 22.0%) lower than 2015.

Class 6 trucks sold in 2016 are trending younger than those sold in 2015, which partially explains the higher average selling price of our benchmark group. However, volume is up notably, which adds a positive factor to 2016 pricing performance.

Class 4 conventionals are mildly trailing 2015 in price. 4 – 7 year-old units averaged \$19,038 in the first two months of the year, which is \$792 (or 4.0%) lower than last year. Average mileage is up moderately in 2016, at 119,151, as opposed to 107,791 in the same period of 2015. This 11,960 (or 10.5%) difference likely explains the difference in price.

As with Class 6, the volume of Class 4 trucks reported sold is substantially higher in 2016. We consider Class 4 segment performance similar to 2015, with more pressure upward than downward. See the “Average Wholesale Selling Price: 4 – 7 Year-Old Conventionals by GVW Class” graph for detail.

Class 3 and 4 cabovers are outperforming 2015, with pricing moderately higher despite substantially higher volume. Our benchmark group of 4 – 7 year-old units brought an average of \$17,900 in the first two months of the year, which is \$930 (or 5.5%) higher than the same period of 2015. See the “Average Wholesale Selling Price; 4 – 7 Year-Old Class 3 – 4 Cabovers” graph for detail.



[COMMERCIAL TRUCK MARKET TRENDS *continued*]

A healthy new medium duty market is creating increased trades on the used side, but demand has also increased. It appears these two factors are in equilibrium for the most part. Stable to higher pricing with more inventory to sell is a net positive for dealers in the medium duty business.

Forecast

Fundamental economic measures are trending upward, with the manufacturing sector showing a degree of strength in March. Export markets are looking somewhat stronger going into the second quarter, which could help solidify manufacturing gains.

The used truck market continues to adjust to increased supply. Losses in the retail market are an unfortunate outcome of a rapid increase in inventory. We expect continued moderate erosion of retail pricing, on the order of 4 – 5% per month.

Fundamental economic measures are trending upward, with the manufacturing sector showing a degree of strength in March.

[ATD/NADA OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS]

Monthly Change in ATD/NADA Commercial Truck Guide Value

April 2016 v. March 2016

Used Car Guide Segment	2010MY	2011MY	2012MY	2013MY	2014MY*
Commercial Van	➔ 0.0%	➔ -0.1%	➔ -0.6%	➔ -1.3%	➔ -1.3%
Extended Hood	➔ 0.0%	➔ 0.0%	➔ 0.0%	➔ 0.0%	➔ 0.0%
Highway Aerodynamic	➔ 0.1%	➔ -0.5%	➔ -0.8%	➔ 0.0%	➔ -1.5%
Highway Traditional	➔ 0.0%	➔ 0.0%	➔ 0.0%	➔ 0.0%	➔ -0.1%
Local/Delivery Daycab	⬇ -3.5%	➔ 0.0%	➔ -0.2%	➔ -0.7%	⬆ 2.8%
Medium Duty Cabover	➔ 0.6%	➔ 0.0%	➔ 0.0%	⬇ -2.5%	N/A
Medium Duty Conventional	⬇ -3.7%	⬇ -2.2%	⬇ -3.6%	➔ -1.3%	⬆ 8.8%
Vocational/Construction	➔ 0.0%	➔ 0.0%	➔ 0.1%	➔ -0.1%	➔ -1.1%

*Value movement can be influenced by newly valued vehicles.

Annual Change in ATD/NADA Commercial Truck Guide Value

April, 2015 v. 2016

Used Car Guide Segment	5YR	4YR	3YR	2YR	Segment Change
Commercial Van	7.3%	-5.9%	-2.0%	12.2%	0.5%
Extended Hood	-10.1%	-6.8%	-8.8%	3.0%	-12.7%
Highway Aerodynamic	-16.4%	-8.2%	-5.1%	4.5%	-16.9%
Highway Traditional	-7.4%	-2.0%	-8.6%	NA	-16.4%
Local/Delivery Daycab	-10.2%	9.6%	-1.6%	10.1%	-6.4%
Medium Duty Cabover	-11.2%	7.2%	0.0%	NA	-1.8%
Medium Duty Conventional	-5.9%	6.6%	-4.3%	-16.8%	-8.4%
Vocational/Construction	-18.0%	-21.8%	-5.7%	4.8%	-22.6%

*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 — April 2016

Used Car Guide Segment	2010MY	2011MY	2012MY	2013MY	2014MY*	Segment
Commercial Van	-1.8%	-0.5%	-2.6%	-5.7%	-2.5%	-2.6%
Extended Hood	-9.3%	-6.8%	-7.9%	-7.8%	-6.4%	-7.7%
Highway Aerodynamic	-9.9%	-10.3%	-12.3%	-11.2%	-9.6%	-10.1%
Highway Traditional	-9.3%	-7.1%	-7.6%	-7.4%	-6.6%	-6.5%
Local/Delivery Daycab	-12.9%	-8.7%	-9.5%	-7.8%	-3.6%	-6.9%
Medium Duty Cabover	-7.3%	-8.5%	-3.6%	-7.2%	N/A	1.9%
Medium Duty Conventional	-8.9%	-6.2%	-8.9%	-7.6%	2.8%	-5.9%
Vocational/Construction	-5.6%	-5.7%	-6.3%	-5.1%	-5.1%	-4.9%

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

Learn the latest developments in the used vehicle market and get an industry forecast from Jonathan Banks during the Automotive News Power Training Webinar on April 28. Registration is free [here](#).

Larry Dixon will speak in the educational session named, "Collateral Values: How Much Will Valuations Drop?" on May 10 (3:45pm) during the 2016 Auto Finance & Compliance Summit.

Come see Jonathan Banks speak about the current state of the used vehicle market and what is in store for the second half of the year at DRIVE '16: CU Direct's Marketing and Lending Conference, May 17 in San Diego.

Bring your questions for Larry Dixon on June 2 at the 20th Annual Non-Prime Auto Financing Conference in Plano, Texas. Mr. Dixon will be featured on a panel about factors contributing to risk in pricing used vehicle values.

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

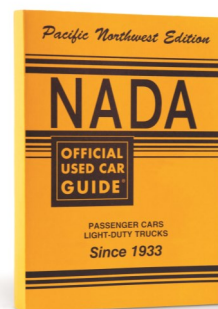
Since 1933, NADA Used Car Guide has earned its reputation as the leading provider of vehicle valuation products, services and information to businesses throughout the United States and worldwide. NADA Used Car Guide's team collects and analyzes over one million combined automotive and truck wholesale 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.

**Financial Industry,
Accounting, Legal,
OEM Captive**
Steve Stafford
800.248.6232 x7275
Steve.Stafford@nada.com

**Director, Sales
and Customer Service**
Dan Ruddy
800.248.6232 x4707
Dan.Ruddy@nada.com

**Automotive Dealers,
Auctions, Insurance,
Credit Unions, Fleet,
Lease, Rental Industry,
Government**
Doug Ott
800.248.6232 x4710
Doug.Ott@nada.com

**Director, Business
Development**
James Gibson
800.248.6232 x7136
James.Gibson@nada.com



NADA Used Car Guide, a division of J.D. Power
8400 Westpark Drive, 6th Floor | McLean, VA 22102 | 800.544.6232 | nada.com/b2b

10

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.

VP, Vehicle Analysis & Analytics

Jonathan Banks

800.248.6232 x4709

Jonathan.Banks@nada.com

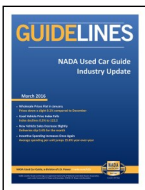
Senior Analyst and Product Manager

Chris Visser

800.248.6232 x4731

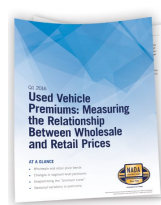
Chris.Visser@nada.com

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.



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.



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.

Connect with NADA Used Car Guide



Read our Blog

nada.com/commercialtruck



Follow Us on Twitter

[@NADAUsedCarGde](https://twitter.com/NADAUsedCarGde)



Find Us on Facebook

Facebook.com/NADAUsedCarGuide



Watch Us on YouTube

Youtube.com/NADAUsedCarGuide

Disclaimer: NADA Used Car Guide makes no representations about future performance or results based on the data and the contents available in this report (“Guidelines”). Guidelines is provided for informational purposes only and is provided AS IS without warranty or guarantee of any kind. By accessing Guidelines via email or the NADA Used Car Guide website, you agree not to reprint, reproduce, or distribute Guidelines without the express written permission of J.D. Power and Associates.

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

8400 Westpark Drive, 6th Floor | McLean, VA 22102 | 800.544.6232 | nada.com/b2b