

J.D. POWER

COMMERCIAL TRUCK GUIDELINES

Industry Update

JULY 2017

June auction volume back up after an unusual May

Pricing down mildly

Retail depreciation remains mild

Monthly depreciation running 0.7% milder than last year

Medium duty market retrenched in May

Volume mixed

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COMMERCIAL TRUCK MARKET TRENDS

June Market Returns to Expectations

June's Class 8 auction results were back to normal, with volume up notably and pricing down mildly compared to last month. Retail selling prices remain stable, with minimal depreciation. The medium duty market retracted moderately.

Sleeper Tractors – Auction/Wholesale

Volume of the most common sleeper tractors sold at auction increased dramatically in June after a depressed May. Pricing of our benchmark model decreased 2.8% compared to last month, which is somewhat higher than expectations, but much less dramatic than May's drop.

June auction performance of our benchmark model was as follows:

MY2013: \$28,000 average; \$27 [0.1%] lower than May

MY2012: \$23,250 average; \$1,685 [6.8%] lower than May

MY2011: \$20,250 average; \$358 [1.7%] lower than May

In the first half of the year, trucks of model year 2011 averaged 3.7% depreciation per month, trucks of model year 2012 depreciated 1.8% per month, and trucks of model year 2013 have averaged less than 1% [low January pricing was negated by higher February through June pricing].

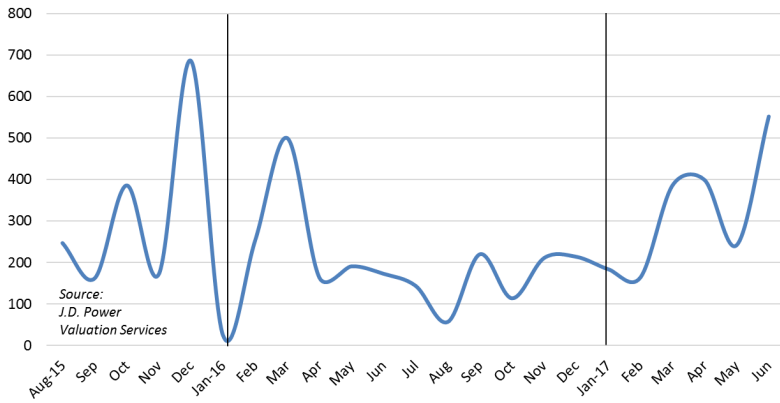
We did not consider May's atypical results particularly notable, since monthly fluctuations are not unusual. June's results were closer to the longer-term trend, and we continue to view the auction market as firming.

June's Class 8 auction results were back to normal, with volume up notably and pricing down mildly compared to last month.

Retail selling prices remain stable, with minimal depreciation.

The medium duty market retracted moderately.

Volume of the Three Most Common Sleeper Tractors Sold through the Two Largest Nationwide No-Reserve Auctions (Model Years 2011-2013)



See the “Volume of all Aerodynamic Sleeper Tractors Sold...” and “Average Selling Price: Benchmark Sleeper Tractor” graphs for detail.

The larger overall wholesale environment [auction, dealer-to-dealer, and dealer-to-wholesaler combined] dipped slightly in May [June results were not yet available at the time of this writing]. Average pricing in the first five months of 2017 is running 6.8% lower than the same 2016 period.

The average sleeper tractor sold wholesale in May was 60 months old, had 513,859 miles, and brought \$28,442. Compared to April, trucks sold in May were 10 months newer, had 19,174 [3.6%] fewer miles, and brought \$100 [0.4%] less money. Compared to May 2016, the average sleeper sold this month was 25 months newer, had 108,630 [17.5%] fewer miles, and brought \$962 [3.3%] less money.

The average wholesale selling price of 3 to 5-year-old sleepers stabilized in May. A low volume of 2015 model year trucks, combined with large groups of similarly-equipped units, continues to cause swings in this monthly average. Average wholesale pricing for this cohort was \$42,746, or \$1,343 [3.2%] higher than April.

Average pricing by age was as follows:

3-year-old trucks: \$72,101; \$14,016 [24.1%] higher than April

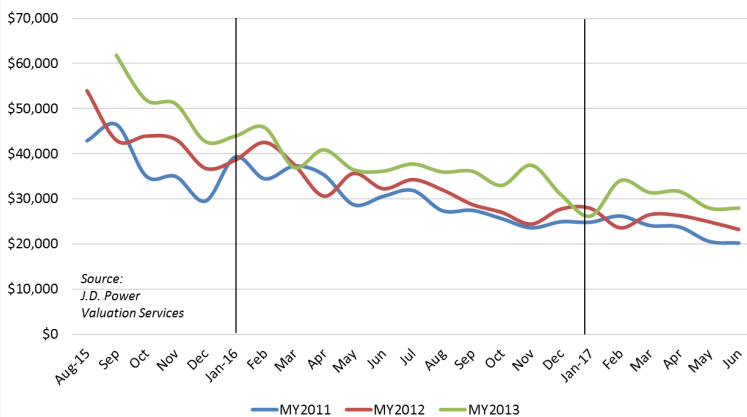
4-year-old trucks: \$27,535; \$6,849 [24.9%] lower than April

5-year-old trucks: \$28,603; \$3,138 [9.9%] lower than April

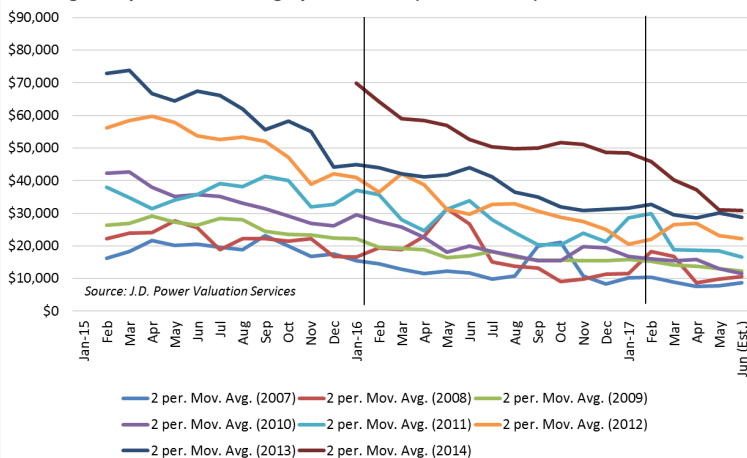
On a year-over-year basis, late model trucks sold in the first five months of 2017 averaged 3.5% lower prices than the same period in 2016.

See the “Average Sleeper Tractor Pricing by Model Year [All Wholesale]” graph for detail.

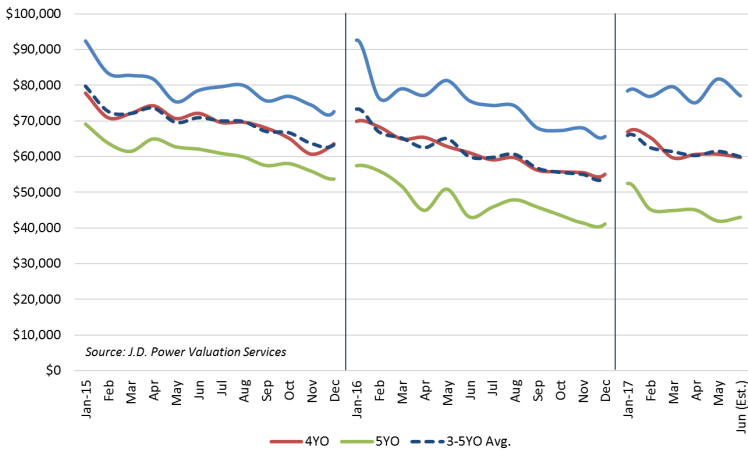
Average Selling Price: Benchmark Sleeper Tractor Sold through the Two Largest Nationwide No-Reserve Auction Companies



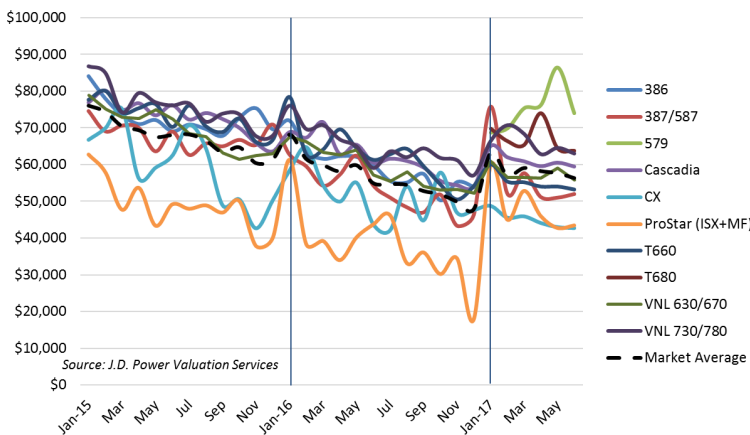
Average Sleeper Tractor Pricing by Model Year (all Wholesale)



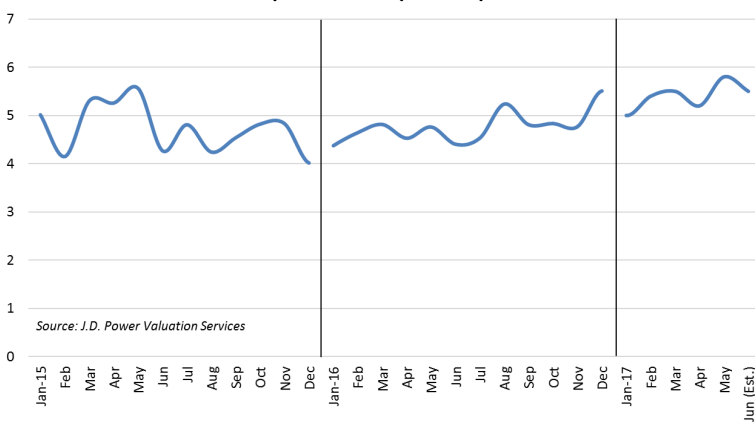
Average Retail Selling Price: 3-5 Year-Old Sleeper Tractors
Adjusted for Mileage



Average Retail Selling Price of Selected 3-5 Year-Old Sleeper Tractors
Adjusted for Mileage



Number of Trucks Retailed per Dealership Rooftop



Sleeper Tractors – Retail

The average sleeper tractor retailed in May was 72 months old, had 448,696 miles, and brought \$48,929. Compared to April, the average sleeper was 2 months newer, had 3,785 [0.8%] fewer miles, and brought \$460 [1.0%] more money. Compared to May 2016, this average sleeper was 2 months older, had 19,301 [4.1%] fewer miles, and brought \$6,469 [11.7%] less money. The retail market overall averaged 9.9% lower pricing in the first five months of 2017 compared to the same period of 2016.

Looking at 3- to 5-year-old trucks, retail selling prices have dropped an average of 1.7% per month so far in 2017. This figure compares favorably to the 2.4% per month average in the first five months of 2016.

Average pricing by age was as follows:

3-year-old trucks: \$81,728; \$6,677 [8.9%] higher than April

4-year-old trucks: \$60,675; \$92 [0.2%] higher than April

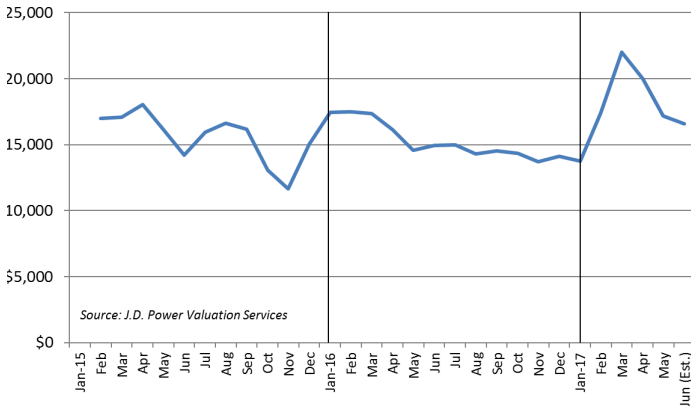
5-year-old trucks: \$44,900; \$3,849 [8.4%] lower than April

On a year-over-year basis, late-model trucks sold in the first five months of 2017 averaged 6.4% lower prices than in the same 2016 period. Keep in mind the varying mix of models sold each month can result in swings of our averages. Multi-month trending shows the retail market leveling out, with depreciation quite minimal.

See the “Average Retail Selling Price: 3- to 5-Year-Old Sleeper Tractors” graph for detail.

Drilling down to individual models, the Peterbilt 579, Kenworth T680, Volvo VNL 730/780, and Freightliner Cascadia continue to outperform the market average. The apparent outsized strength of the 579 is due to a disproportionate number of model-year 2015 trucks

Average Wholesale Selling Price: 4-7 Year-Old Class 3-4 Cabovers
Adjusted for Mileage



rather than high pricing in all three model years. At the same time, this model is generally performing at the top of the market.

See the “Average Retail Selling Price of Selected 3- to 5-Year-Old Sleeper Tractors” graph for detail.

Looking at the number of retail sales per rooftop, our early estimates of a poor showing in May turned out to be unfounded. Dealers who reported sales early in the month sold fewer trucks than those who reported later, throwing off our early assessment. May was actually a strong month, with dealers retailing 5.8 trucks per rooftop. This figure is 0.6 truck higher than April, and a full 1 truck higher than May 2016. This result puts 2017 0.6 truck ahead of 2016. Dealers should be feeling some improvement at this point.

See “Number of Trucks Retailed per Dealership Rooftop” graph for detail.

Medium Duty Trucks

Starting with Class 3-4 cabovers, pricing of our benchmark cohort dropped again in May, but this time a higher-mileage mix of trucks can’t be blamed. May’s average pricing was \$16,869, which was \$629 [3.6%] lower than April, and \$2,118 [14.4%] higher than May 2016.

Month-over-month fluctuations aside, pricing for newer, lower-mileage trucks has been generally

stable since January on average. Buyers continue to look for the newest equipment available.

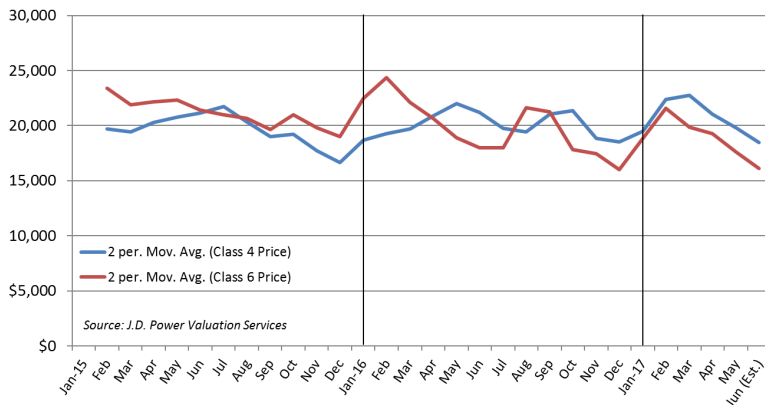
See the “Average Wholesale Selling Price: 4- to 7-Year-Old Class 3-4 Cabovers” graph for detail.

The conventional market retracted in May. Both the heavier and lighter GVW segments pulled back notably, with lighter segments continuing to bring higher pricing than heavier segments.

Specifically, Class 4’s averaged \$18,640 in May. This figure is \$2,348 [11.2%] lower than April, and \$4,360 [19%] lower than an unusually-high May 2016. Class 6’s averaged \$15,211 in May. This figure is \$4,771 [23.9%] lower than April, and \$2,599 [14.6%] lower than May 2016.

Through May, Class 4 trucks are running 2.1% ahead of the same period of 2016, with mileage averaging 1.1% higher. Pricing for Class 6 trucks is 10.2% lower, with mileage 18.1% higher.

Average Wholesale Selling Price: 4-7 Year-Old Conventionals by GVW Class
Adjusted for Mileage



Volume for Class 4 was moderately higher than last month, while volume for Class 6 decreased dramatically. Based on general macroeconomic trends, we forecast demand will continue to incrementally improve in the upcoming months for trucks of all GVW classes.

See the “Average Wholesale Selling Price: 4- 7-Year-Old Conventionals by GVW Class” graph for detail.

Forecast

June’s results show a return to the expected trend in the retail and wholesale channels. Pricing continues to flatten out. Dealers should be seeing incrementally improved conditions compared to this time last year.

ATD OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS

Monthly Change in ATD/NADA Commercial Truck Guide Value

June vs. July 2017

| Used Car Guide Segment | 2011MY | 2012MY | 2013MY | 2014MY | 2015MY* |
|--------------------------|---------|---------|---------|---------|---------|
| Commercial Van | → 0.0% | ↘ -0.7% | ↘ -1.0% | → -0.3% | ↘ -0.8% |
| Extended Hood | → 0.0% | → 0.0% | → 0.0% | → 0.0% | → 0.0% |
| Highway Aerodynamic | → 0.0% | → 0.0% | → -0.1% | ↘ -0.5% | ↘ -1.1% |
| Highway Traditional | → 0.0% | → 0.0% | → 0.0% | → 0.0% | → 0.0% |
| Local/Delivery Daycab | → 0.0% | → 0.0% | → 0.0% | → -0.3% | → -0.4% |
| Medium Duty Cabover | ↘ -0.6% | ↓ -1.8% | ↓ -1.9% | → -0.4% | ↓ -4.2% |
| Medium Duty Conventional | ↗ 0.5% | ↗ 0.9% | → 0.2% | → 0.0% | → 0.2% |
| Vocational/Construction | → 0.0% | → 0.0% | → 0.0% | → 0.0% | → 0.0% |

*Value movement can be influenced by newly valued vehicles.

Annual Change in ATD/NADA Commercial Truck Guide Value

July, 2016 vs. 2017

| Used Car Guide Segment | 2011MY | 2012MY | 2013MY | 2014MY | 2015MY* | Segment |
|--------------------------|--------|--------|--------|--------|---------|---------|
| Commercial Van | -2.2% | -0.6% | 2.6% | -3.1% | -6.4% | -2.3% |
| Extended Hood | -8.8% | -6.1% | -2.9% | -1.1% | -1.4% | -3.5% |
| Highway Aerodynamic | -9.4% | -9.7% | -13.6% | -13.9% | -11.6% | -12.1% |
| Highway Traditional | -5.3% | -4.0% | -1.0% | -0.8% | -1.5% | -2.2% |
| Local/Delivery Daycab | -7.4% | -7.7% | -6.5% | -6.6% | -4.0% | -6.1% |
| Medium Duty Cabover | -10.7% | -9.4% | -11.0% | -6.7% | -9.9% | -9.5% |
| Medium Duty Conventional | -6.0% | -4.2% | -4.8% | -5.9% | -6.1% | -5.5% |
| Vocational/Construction | -1.3% | -1.3% | -1.4% | -3.0% | 0.7% | -1.2% |

YTD Change in ATD/NADA Commercial Truck Guide Value

January — July 2017

| Used Car Guide Segment | 5YR | 4YR | 3YR | 2YR | Segment Change |
|--------------------------|--------|--------|--------|--------|----------------|
| Commercial Van | -17.2% | -11.7% | -15.4% | -1.1% | -17.6% |
| Extended Hood | -1.7% | -6.9% | 13.9% | 2.6% | -12.5% |
| Highway Aerodynamic | -20.4% | -11.8% | -5.3% | -10.0% | -29.8% |
| Highway Traditional | 2.9% | -1.0% | 4.7% | -1.1% | -6.1% |
| Local/Delivery Daycab | -8.9% | 3.5% | 5.6% | 3.4% | -17.0% |
| Medium Duty Cabover | -8.8% | 0.5% | -13.2% | -18.0% | -24.4% |
| Medium Duty Conventional | -8.9% | 2.6% | -4.9% | 5.1% | -8.6% |
| Vocational/Construction | 14.4% | -2.4% | 8.8% | 2.4% | -11.6% |

*Calculations are based on vehicle age, i.e. values for 1-year-old vehicles in CY2017 are compared against values for 1-year-old vehicles in CY2016.

AT J.D. POWER VALUATION SERVICES [FORMERLY NADA USED CAR]

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For more information go to www.nada.com/residualvalues.

On the Road

Learn from Chris Visser, Senior Analyst, Commercial Trucks, at the Successful Dealer Summit, August 24.

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J.D. Power Valuation Services [formerly NADA Used Car Guide] is a leading provider of vehicle valuation products, services and information to businesses. Its team collects and analyzes over 1 million combined automotive and truck wholesale and retail transactions per month, and delivers a range of guidebooks, auction data, analysis and data solutions. J.D. Power acquired NADA Used Car Guide in 2015, forming a powerful combination that brings the automotive industry rich data sets, strong analytics and over 130 years of market experience. Residual Values is the first product to be launched by J.D. Power Valuation Services.

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Complemented by J.D. Power Valuation Services' 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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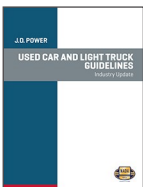
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ADDITIONAL RESOURCES



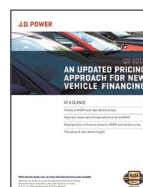
Guidelines

Updated monthly with a robust data set from various industry sources and J.D. Power Valuation Services' proprietary analysis, *Guidelines* provides the insight needed to make decisions in today's market.



Perspective

Leveraging data from various industry sources and J.D. Power Valuation Services' 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.



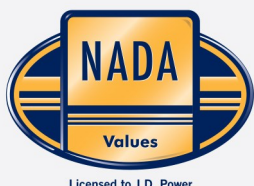
White Papers

J.D. Power Valuation Services' 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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