

J.D. POWER

COMMERCIAL TRUCK GUIDELINES

Industry Update

MAY 2017

Class 8 auction pricing levels out despite higher volume

Average selling prices of late-model trucks are actually trending upward

Retail channel still showing typical depreciation
Pricing should level out in upcoming months

Medium duty segments generally holding up well
Cabovers and lighter-GVW conventionals performing best

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COMMERCIAL TRUCK MARKET TRENDS

More Evidence of a Market Hitting Bottom Unfolds

Class 8 auction pricing continues to flatten out despite higher volume. This trend suggests the market is finding a bottom. Retail pricing still shows depreciation on par with late 2016, but we expect that channel to moderate as well. Late-model medium duty cabovers are performing well, while lighter-GVW conventionals continue to outperform their heavier counterparts.

Sleeper Tractors – Auction/Wholesale

Volume of our benchmark model was up slightly in April, just edging out March for the highest result in 13 months. Pricing of this model was 0.3% lower month-over-month on average, which is much better than our 1.5% to 2% rule of thumb for 2017.

Retail pricing still shows depreciation on par with late 2016, but we expect that channel to moderate as well.

April auction performance of our benchmark model was as follows:

MY2013: \$31,443 average; \$251 (0.8%) higher than March

MY2012: \$26,314 average; \$208 (0.8%) lower than March

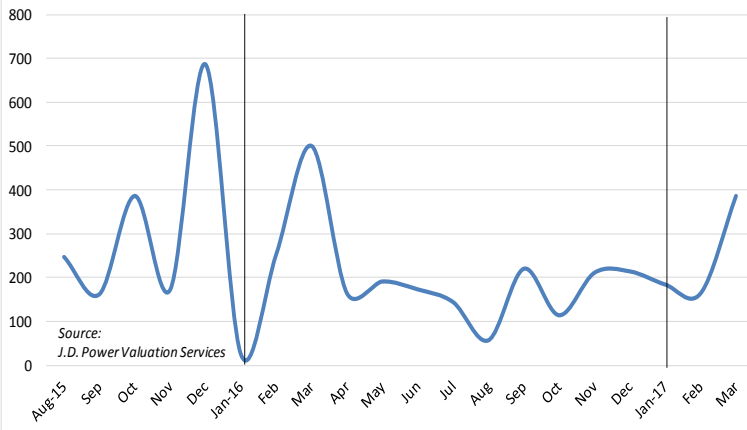
MY2011: \$23,810 average; \$323 (1.3%) lower than March

Our benchmark model has lost very little value in the first four months of the year. Trucks of model year (MY) 2011 have averaged 1.5% depreciation per month, 2012MY trucks have depreciated 0.3% per month, and 2013MY trucks have actually gained 12.2%. Combined with the higher volume in March and April, we view these flat to upward pricing results positively. It is looking more likely that auction pricing has hit bottom.

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

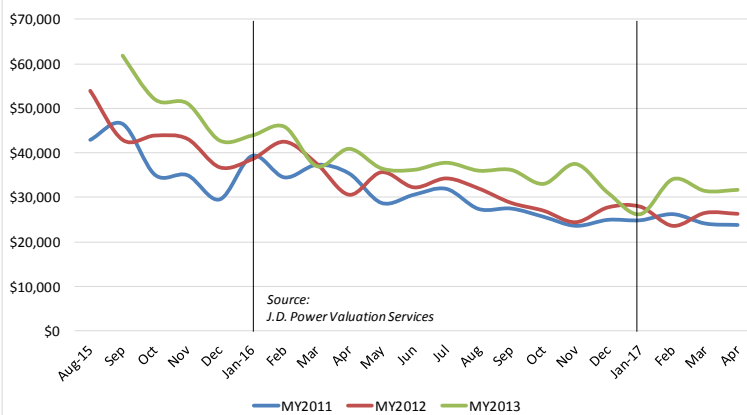
Volume of the Three Most Common Sleeper Tractors Sold through the Two Largest Nationwide No-Reserve Auctions (Model Years 2011-2013)



combined) was essentially flat in March on a model-by-model basis (April results were not yet available at the time of this writing). Average pricing in the first quarter of 2017 is running 13.8% lower than the same period of 2016.

The average sleeper tractor sold wholesale in March was 70 months old, had 535,833 miles, and brought \$29,314. Compared to February, trucks sold in March were one month newer, had 1,515 (0.3%) fewer miles, and brought \$85 (0.3%) more money. Compared to March 2016, the average sleeper sold this month was 12 months newer, had 85,719 (13.8%) fewer miles, and brought \$4,385 (13%) less money.

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



Trucks three to five years of age moved upward in March. A greater number of higher-priced 2015 models counteracted a greater number of lower-priced 2013 models to push our average moderately higher. Average wholesale pricing for this cohort was \$44,257, or \$1,674 (3.9%) higher than February. The volume of late-model trucks wholesaled in March was lower than February.

Average pricing by age was as follows:

3-year-old trucks: \$67,935 — \$13,885 (25.7%) higher than February

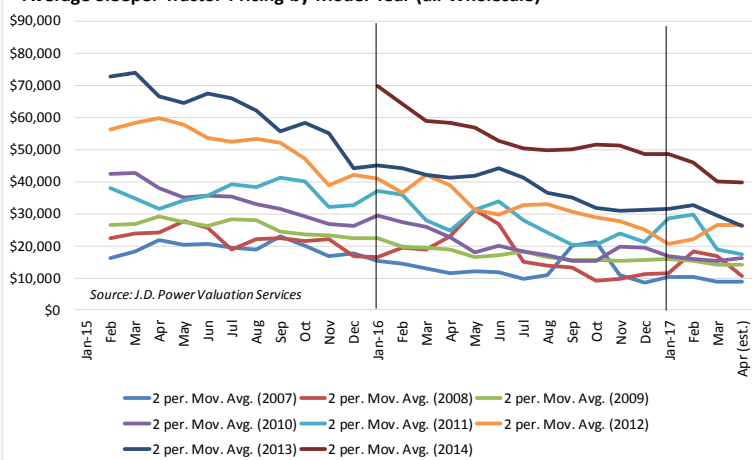
4-year-old trucks: \$40,161 — \$46 (0.1%) lower than February

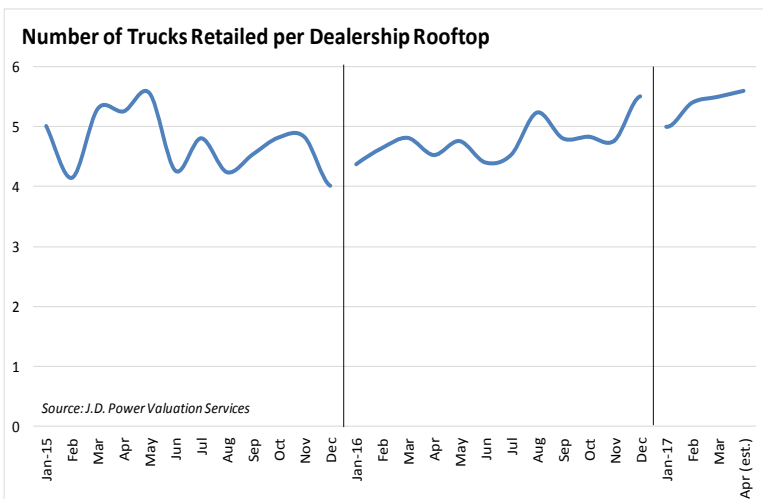
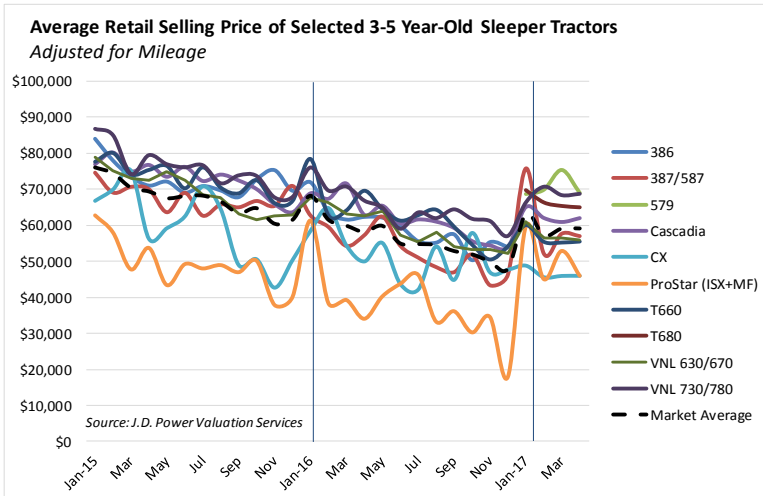
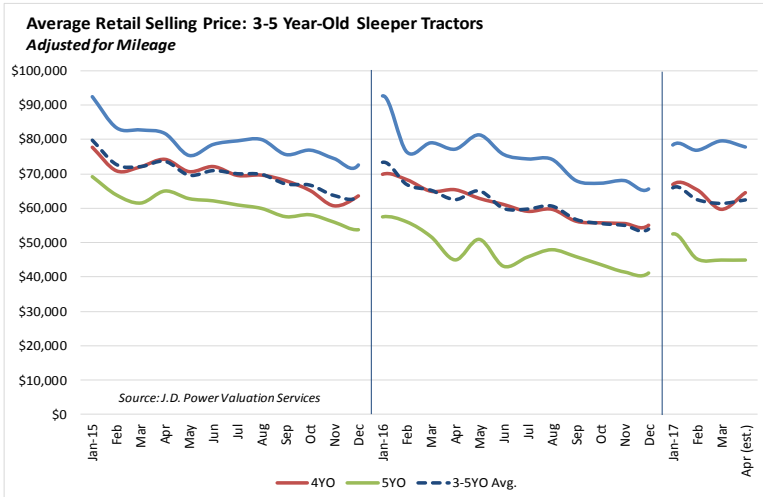
5-year-old trucks: \$25,484 — \$8,007 (23.9%) lower than February

Again, monthly fluctuations in pricing are attributable to a varying mix of models. Actual model-by-model pricing was generally unchanged in March compared to February. On a quarterly basis, late model trucks sold in the first quarter of 2017 are averaging 3.9% lower than the same period of 2016.

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

Average Sleeper Tractor Pricing by Model Year (all Wholesale)





Sleeper Tractors – Retail

The average sleeper tractor retailed in March was 71 months old, had 440,744 miles, and brought \$49,094. Compared to February, the average sleeper was 1 month older, had 8,912 (2%) fewer miles, and brought \$784 (1.2%) less money. Compared to March 2016, this average sleeper was identical in age, had 35,106 (7.4%) fewer miles, and brought \$3,903 (7.4%) less money. The retail market averaged 9.7% lower pricing in the first quarter of 2017 compared to the same period of 2016.

Our 3- to 5-year-old group continued to trend lower year-over-year. Average pricing for this cohort in March was \$61,371, or \$1,109 (1.8%) lower than February. First quarter pricing for this group is running \$5,216 (7.6%) lower than in the same period of 2016. Depreciation averaged 3% per month in the first quarter, identical to last year, and about a full point higher than our initial estimate.

Average pricing by age was as follows:

3-year-old trucks: \$79,558 — \$2,719 (3.5%) higher than February

4-year-old trucks: \$59,654 — \$5,700 (8.7%) lower than February

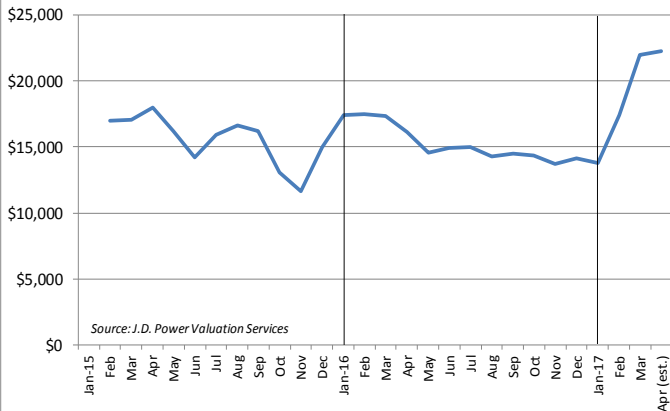
5-year-old trucks: \$44,900 — \$347 (0.8%) lower than February

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

As in the wholesale channel, monthly fluctuations in our averages are attributable to a varying mix of models. Since the retail channel generally lags the auction channel, we expect continued moderation in retail depreciation at least in the short term.

Drilling down to individual models, the Peterbilt 579, Kenworth T680, Volvo VNL 730/780, and Freightliner Cascadia outperformed the market average in the first quarter. The two PACCAR models perform strongest

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



when equipped with an ISX engine. The Cascadia brings the most money when equipped with its proprietary drivetrain (DD15/DT12).

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, volume trended up slightly in March for the second month in a row. March’s result of 5.5 trucks brings the 2017 average to 5.3, which is 0.7 truck higher than the same 2016 period. We expect volume to continue its general upward trajectory over the next few months.

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

Medium Duty Trucks

Starting with Class 3 – 4 cabovers, the mix of trucks sold through auction and wholesale channels continued to trend newer, with lower-mileage. March’s average pricing was \$22,475, which beat February’s 5-year record. This figure was \$981 (4.6%) higher than February, and \$4,597 (25.7%) higher than March 2016.

Unlike pricing, volume has not been particularly impressive in 2017. Buyers appear to be most interested in the newest, lowest-mileage equipment.

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

Looking at conventionals, average pricing for both Class 4’s and Class 6’s pulled back in March, with Class 4’s continuing to bring more money than Class 6’s.

Specifically, Class 4’s averaged \$21,060 in March. This figure is \$3,418 (14%) lower than February, and \$331 (1.6%) higher than March 2016. Class 6’s averaged \$18,568 in March. This figure is \$2,632 (12.4%) lower than February, and \$2,816 (13.2%) lower than March 2017.

Volume for Class 4 was identical to last month, while volume for Class 6 was moderately higher. Demand should continue to incrementally improve in upcoming months for trucks of all GVW classes.

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

Forecast

Overall sentiment about the trucking economy is improving. It is possible we are finally seeing a degree of increased demand for used trucks. Values will continue to be impacted by returning supply, but evidence is building that pricing has found its floor.

ATD OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS

Monthly Change in ATD/NADA Commercial Truck Guide Value

April v. May 2017

Used Car Guide Segment	2011MY	2012MY	2013MY	2014MY	2015MY*
Commercial Van	↗ 0.6%	↗ 0.9%	↗ 0.4%	↘ -0.6%	↗ -0.2%
Extended Hood	↘ -7.6%	↘ -5.0%	↘ -2.2%	↗ -0.3%	↗ 0.0%
Highway Aerodynamic	↘ -2.1%	↗ 0.6%	↘ -4.7%	↘ -4.9%	↘ -2.8%
Highway Traditional	↘ -4.0%	↗ 0.0%	↗ 0.0%	↗ 0.0%	↗ 0.0%
Local/Delivery Daycab	↘ -2.3%	↗ -0.9%	↗ -1.2%	↘ -1.5%	↗ 1.4%
Medium Duty Cabover	↗ 0.0%	↗ 0.0%	↗ 0.0%	↗ 0.9%	↗ 0.7%
Medium Duty Conventional	↗ 0.5%	↗ 0.4%	↗ 0.0%	↗ 0.0%	↗ 0.0%
Vocational/Construction	↗ -0.3%	↘ -0.6%	↗ -0.1%	↘ -1.8%	↗ 1.8%

*Value movement can be influenced by newly valued vehicles.

Annual Change in ATD/NADA Commercial Truck Guide Value

May, 2016 v. 2017

Used Car Guide Segment	5YR	4YR	3YR	2YR	Segment Change
Commercial Van	-16.1%	-11.2%	-15.7%	-1.8%	-17.2%
Extended Hood	-1.7%	-6.9%	13.9%	1.6%	-9.0%
Highway Aerodynamic	-22.8%	-13.4%	-4.9%	-8.2%	-28.3%
Highway Traditional	2.9%	-1.4%	4.7%	-1.1%	-6.2%
Local/Delivery Daycab	-10.7%	2.7%	6.1%	3.4%	-14.6%
Medium Duty Cabover	-1.8%	6.8%	-12.0%	-12.0%	-12.3%
Medium Duty Conventional	-8.3%	2.3%	-3.5%	7.1%	-6.0%
Vocational/Construction	14.4%	-2.4%	8.8%	2.4%	-4.5%

YTD Change in ATD/NADA Commercial Truck Guide Value

January — May 2017

Used Car Guide Segment	2011MY	2012MY	2013MY	2014MY	2015MY*	Segment
Commercial Van	-1.3%	0.9%	4.6%	-2.5%	-5.0%	-1.2%
Extended Hood	-8.8%	-6.1%	-2.9%	-1.1%	-1.4%	-3.8%
Highway Aerodynamic	-9.4%	-8.0%	-13.5%	-12.0%	-9.4%	-10.3%
Highway Traditional	-5.3%	-4.0%	-1.0%	-0.8%	-1.5%	-2.7%
Local/Delivery Daycab	-7.4%	-6.9%	-6.4%	-5.8%	-3.5%	-4.4%
Medium Duty Cabover	-3.3%	-2.4%	-5.3%	-5.3%	-3.4%	-3.6%
Medium Duty Conventional	-5.6%	-3.5%	-5.0%	-4.6%	-4.3%	-3.8%
Vocational/Construction	-1.3%	-1.3%	-1.4%	-3.0%	0.7%	0.4%

AT J.D. POWER VALUATION SERVICES (FORMERLY NADA USED CAR GUIDE)

What's New

J.D. Power is pleased to offer a new **Residual Values** product suite designed to help manufacturers, captive finance companies, and lenders make informed decisions on residual setting, lease support, and risk management. This benchmark product incorporates industry-leading data from three trusted sources. Coupled with a seasoned team of data scientists and analysts, the product suite's sophisticated valuation forecast methodology provides a fresh, reliable approach based on objective expertise and complete transparency. For more information go to www.nada.com/residualvalues.

On the Road

Be sure to say hi to Chris Visser at the Freight Transportation Research (FTR) Conference September 12-14 in Indianapolis. Chris looks forward to discussing industry topics with contacts between sessions.

About J.D. Power

J.D. Power is a global leader in consumer insights, advisory services, and data and analytics to help clients measure and improve the key performance metrics that drive growth and profitability. J.D. Power's industry benchmarks, robust proprietary data, advanced analytics capabilities, and reputation for independence and integrity has established the company as one of the world's most well-known and trusted providers of consumer and market insights for more than a dozen industries. Established in 1968, J.D. Power is headquartered in Costa Mesa, California, and has 17 global locations serving North/South America, Asia Pacific, and Europe.

About J.D. Power Valuation Services (formerly NADA Used Car Guide)

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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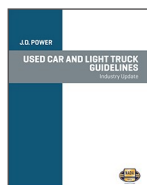
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ADDITIONAL RESOURCES



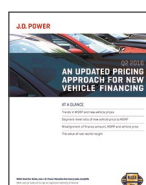
Guidelines

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.



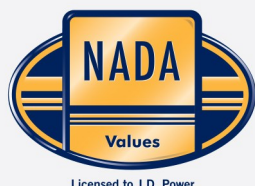
White Papers

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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