

GUIDELINES

Commercial Truck Guide Industry Update

January 2017

- Retail channel outperformed wholesale in 2016
12-month auction depreciation was 30%, retail 23%
Year-over-year, trucks brought 30% less at auction, 13% less at retail
- Lighter-GVW medium duty trucks relatively strong
Cabovers and lighter-GVW conventionals outperforming heavier conventionals
- Don't look for much change in Q1 or Q2
Returning supply remains substantial, economic changes won't take effect until later in the year

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COMMERCIAL TRUCK MARKET TRENDS

Year-End Review

Wholesale depreciation outpaced retail in 2016, with sleeper tractors losing about 30% of their value at auction from January to December, compared to 23% through retail channels. Trucks sold at auction in 2016 brought about 30% less money than last year, while trucks sold retail brought an estimated 13% less. Medium duty cabovers and lighter-GVW conventionals performed fairly well in 2016, while heavier-GVW conventionals lost ground year-over-year.

Sleeper Tractors – Auction/Wholesale

In December of 2016, auction volume of our benchmark group of sleeper tractors finished out similar to November, with a large volume of 2011 Cascadias sold through one auction company balanced out by lower volume of other models.

Specific auction performance of our benchmark model was as follows:

MY2013: \$30,992 average; \$6,508 (or 17.4%) lower than November

MY2012: \$27,768 average; \$3,340 (13.7%) higher than November

MY2011: \$24,966 average; \$1,348 (5.7%) higher than November

Depreciation generally accelerated in the second half of 2016. From January to December, trucks of model year 2013 lost about 22% of their value, trucks of model year 2012 lost about 37%, and trucks of model year 2011 lost about 32%. These figures translate to an overall monthly loss of about 2.5%, which beats our early estimate of 3%

Wholesale depreciation outpaced retail in 2016, with sleeper tractors losing about 30% of their value at auction from January to December, compared to 23% through retail channels.

[COMMERCIAL TRUCK MARKET TRENDS *continued*]

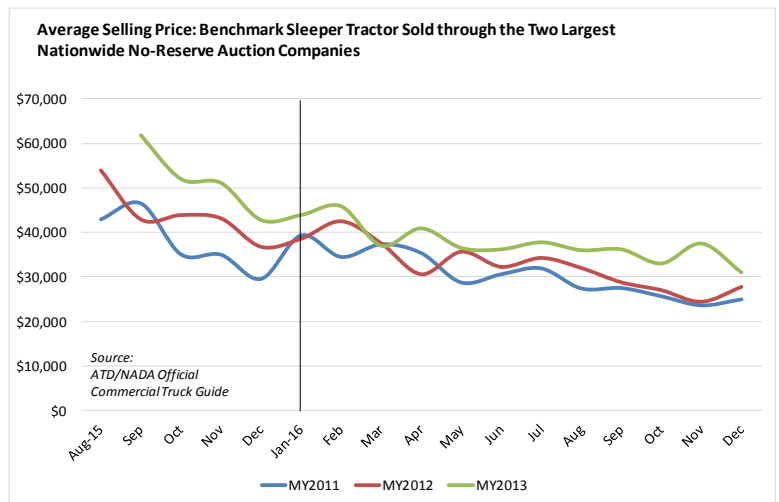
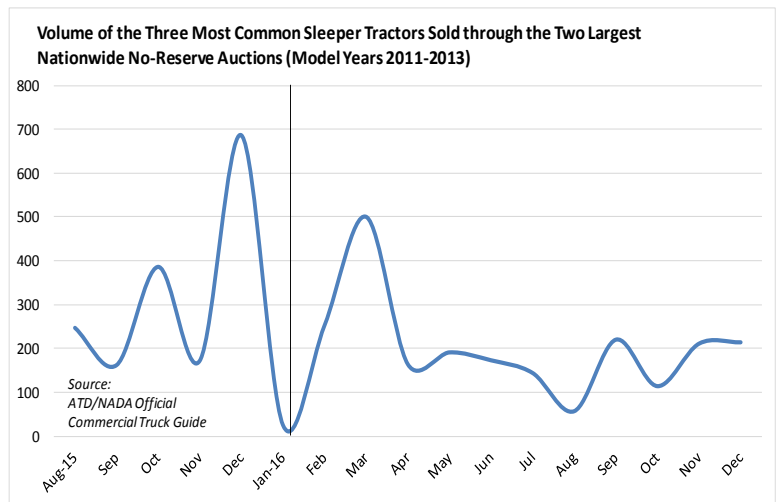
– 5% per month. This figure is also better than the nearly 5% average monthly loss in the second half of 2015, but of course selling prices are roughly 30% lower today than they were then.

Based on the expected returning supply of the industry’s most popular sleeper tractors, plan for continued substantial supply and downward pressure on pricing throughout 2017.

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

The overall wholesale environment (auction, dealer-to-dealer, and dealer-to-wholesaler combined) also trended negative. The average sleeper tractor sold wholesale in November was 84 months old, had 573,113 miles, and brought \$29,218. Compared to October, trucks sold in November were 4 months older, had 9,764 (1.7%) more miles, and brought \$1,645 (5.3%) less money. Compared to October 2015, the average sleeper sold this month was identical in age, had 29,882 (or 5.0%) fewer miles, and brought \$5,561 (15.3%) less money.

Narrowing our focus to the more instructive 3- to 5-year-old group, pricing was slightly higher than October. Average wholesale pricing for this cohort was \$36,947, or \$867 (2.4%) higher than October. Average mileage for this group was 496,385, which is 11,720 (2.4%) higher than October. Compared to November 2015, trucks sold this month had 48,818 (10.9%) more miles, and brought \$937 (2.6%) less money.



COMMERCIAL TRUCK MARKET TRENDS *continued*

Average pricing by model year was as follows:

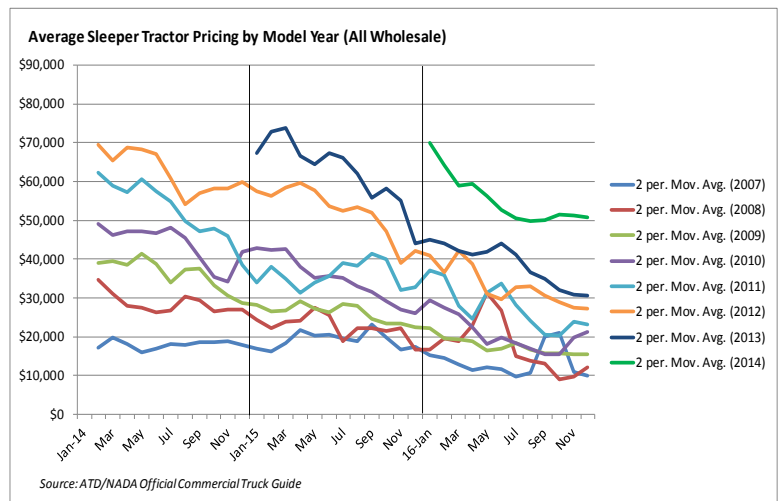
MY2014: \$51,622; \$875 (1.7%) lower than October

MY2013: \$31,234; \$832 (2.7%) lower than October

MY2012: \$27,984; \$894 (3.3%) lower than October

Since January, 3- to 5-year-old trucks have lost about \$14,150 (28%) of their value, which translates to about 2.5% per month — slightly better than our early forecasts of 3% – 5% per month. In terms of individual model years, 2014's have lost about 22% of their value since January, 2013's have lost about 32%, and 2012's have lost about 27%. December figures are not yet available as of this writing, but we don't expect any surprises. Look for conditions to remain similar into early 2017.

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



Sleeper Tractors – Retail

Our retail data for the most recent month available (November) shows average sleeper pricing in 2016 12.3% lower than 2015 — a fairly positive result given the much more substantial depreciation in the auction market over the same period. Sales volume was lower year-over-year, reflecting a cooling market and initial reluctance on the part of dealers to drastically slash pricing.

Specifically, the average sleeper tractor retailed in November was 74 months old, had 471,589 miles, and brought \$47,639. Compared to October, this average tractor was 2 months older, had 8,211 (1.8%) more miles, and brought \$2,022 (4.1%) less money. Compared to November 2015, the average sleeper was 3 months older, had 28,568 (5.7%) fewer miles, and brought \$8,982 (15.9%) less money.

Narrowing our focus to the 3- to 5-year-old segment, average pricing for this group was \$54,990, or \$551 (1%) lower than October. Average mileage was 440,359, which is

[COMMERCIAL TRUCK MARKET TRENDS *continued*]

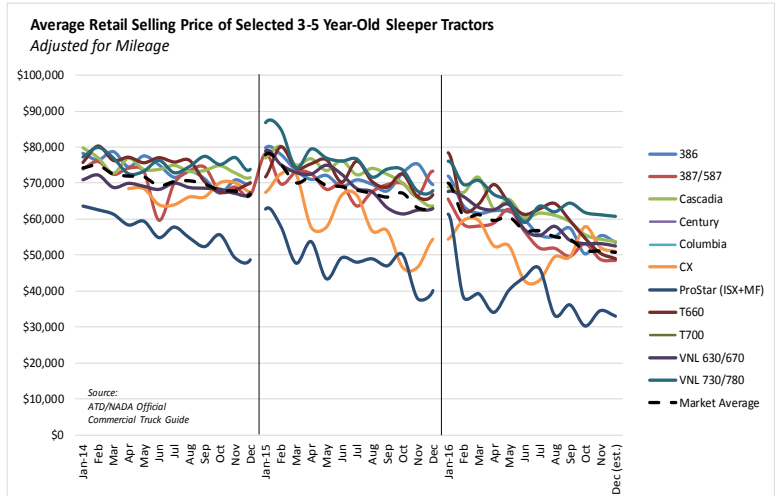
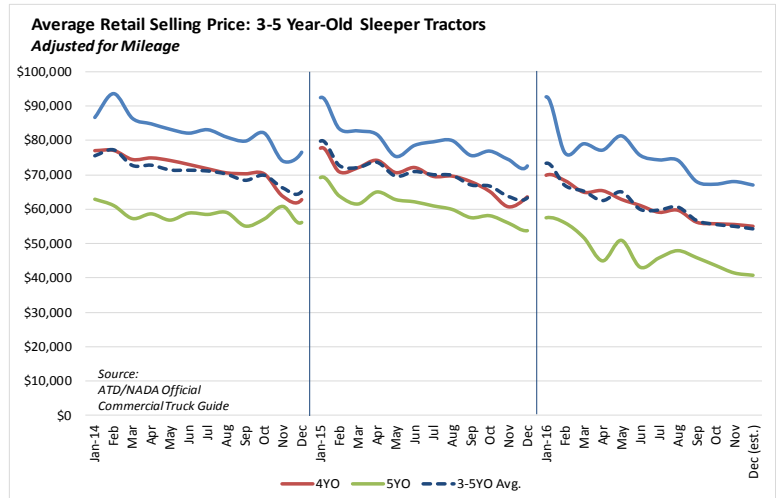
11,071 (2.5%) higher than October. Compared to November 2015, average pricing was \$8,672 (13.6%) lower, and average mileage was 2,748 (0.6%) lower.

Since January, 3- to 5-year-old sleepers have lost about \$15,000 (23%) of their retail value, which translates to just under 2% per month. In terms of individual model years, 3- and 4-year-old trucks have lost about 21% of their value since January, and 5-year-old trucks have lost about 27%.

Through November, monthly depreciation in 2016 was 0.7% higher than in the same period of 2015. In terms of dollar value, the average 3- to 5-year-old sleeper brought \$8,676 (12.3%) less retail money in 2016. This difference is notably smaller than the drastic 30% year-over-year change in auction pricing for these same trucks. Dealers were reluctant to lower asking prices to catch up with changing market conditions until the second quarter of this year, which limited sales volume, but likely propped up pricing for the trucks that did sell. Pricing has now dropped to market-appropriate levels, but sales volume is still off moderately compared to the pre-market-shift period of early 2015. Current conditions should remain in place over the long term, thanks to an ongoing and substantial returning supply of trucks.

Looking at individual 3- to 5-year-old makes and models, Volvo models have shown stability recently, with the 780 leading the market. The Freightliner Cascadia has also performed respectably, considering the substantial supply of this model.

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



[COMMERCIAL TRUCK MARKET TRENDS *continued*]

Looking at November’s retail sales per rooftop, the average was 4.8, identical to the previous two months, and mildly below our rule of thumb for “moderately healthy” in the current environment. This result is also identical to November 2015. Year-to-date, 2016 is running a negligible 0.1 truck behind 2015. We expect December’s result to be similar to slightly lower than November’s.

Retail volume was more stable in 2016 than 2015. Retail buyers are still somewhat scarce, but the level of comfort with market conditions continues to improve.

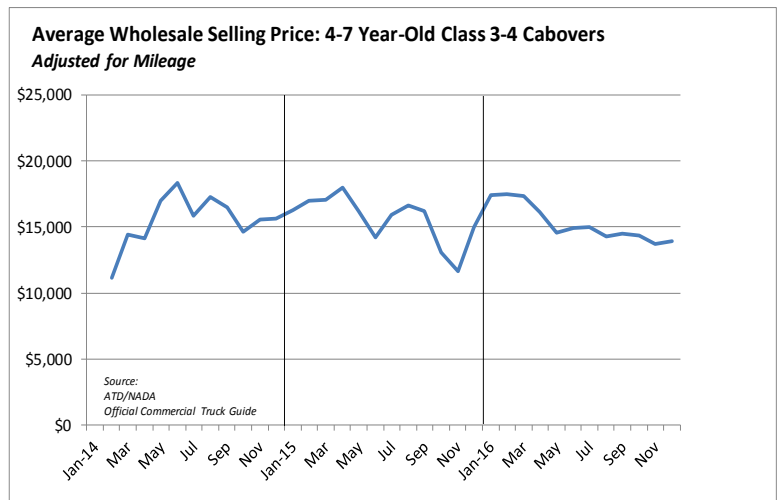
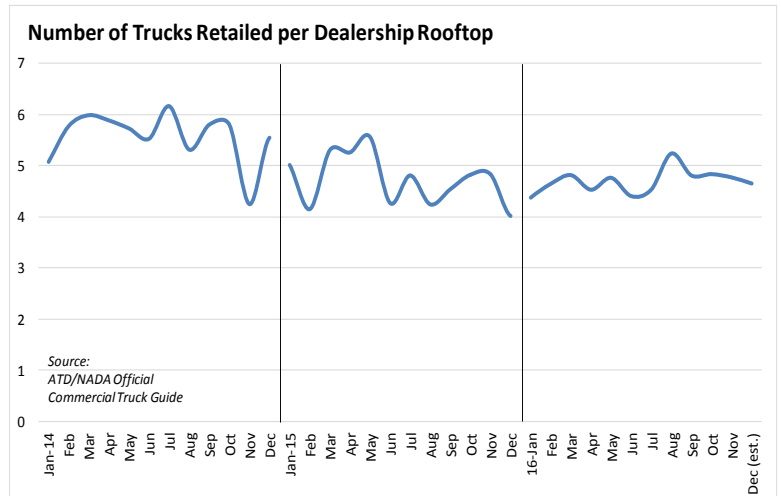
See “Number of Trucks Retailed per Dealership Rooftop” graph for detail.

Medium Duty Trucks

Starting with Class 3 – 4 cabovers, average pricing in 2016 was very similar to 2015, but the path to that average was quite different. Pricing in 2015 was more volatile, with lower volume. Pricing in 2016 saw relatively heavy depreciation in the first half of the year, with stability in the second half.

Our benchmark group of 4- to 7-year-old Class 3 – 4 cabovers averaged \$14,055 in November, for a \$669 (5%) increase over October. Year-over-year, November 2016 was \$727 (5.5%) higher than November 2015. Year-to-date, 2016 should come in roughly 2% lower than 2015. The 2016 12-month average should come in essentially equal to last year, at roughly \$15,600.

Monthly depreciation for this group should average about 2% once December’s data is factored in. This figure is in line with historical norms, and similar to last year. A substantially higher volume of trucks sold in 2016 combined with similar year-over-year pricing points to a relatively healthy market. Economic conditions support strength in the markets these trucks serve.



[COMMERCIAL TRUCK MARKET TRENDS *continued*]

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

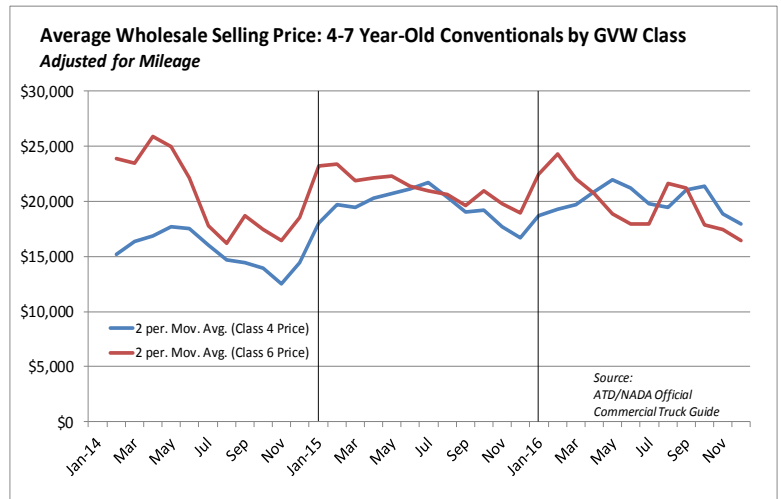
Looking at the conventional market, Class 6 trucks continue to suffer in the marketplace, outpaced by Class 4’s for the third month in a row. Our benchmark group of trucks in both segments brought less money than in October, with Class 6’s losing more. Volume was substantially lower for Class 4’s, and similar to last month for Class 6’s.

Specifically, Class 4’s averaged \$18,377 in November. This figure is \$981 (5.1%) lower than October, and \$2525 (15.9%) higher than November 2015. Class 6’s averaged \$16,201 in November. This figure is \$2,450 (13.1%) lower than October, and \$2,724 (14.4%) lower than November 2015.

Class 4 pricing was remarkably steady in 2016, losing essentially no value over the first 11 months of the year. This performance compares favorably to last year’s 1% per month depreciation. The volume of trucks reported sold was notably greater in 2016. As with cabovers, stable pricing combined with higher volume suggests a healthy market. The wide variety of user segments served by lighter conventionals are performing fairly well.

Looking at our Class 6 group, trucks have followed a more traditional depreciation trend, losing about 2.4% per month in 2016. This figure is moderately higher than the 1.7% monthly depreciation in 2015. Year-over-year pricing should come in \$1,360 (6.3%) behind 2015.

In November, our benchmark group of Class 6 conventionals averaged \$16,291. This figure is \$2,450 (12.7%) higher than October, and \$2,634 (13.9%) lower than November 2015.



Volume of Class 6’s sold in 2016 is substantially higher than 2015, which partially explains the greater depreciation. Still, 2.4% monthly depreciation is modestly higher than historical norms. The Class 6 market remains lukewarm. Buyers are currently more interested in lighter-GVW trucks.

[COMMERCIAL TRUCK MARKET TRENDS *continued*]

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

Forecast

Based on deliveries of new trucks over the past five years, we expect an increase in returning supply of trucks in 2017. It is likely that OEM’s are already stockpiling some quantity of these trucks, keeping them out of the marketplace until conditions potentially change.

General economic conditions should continue to gradually improve in the first two quarters of 2017. After that, the drastic changes the new administration plans in the trade and manufacturing sectors should start to create a different landscape. In general, an increase in import tariffs looks very likely, and a shift towards domestic manufacturing should be a longer-term trend. Both of these factors will make raw materials, finished goods, and the cost of production more expensive, limiting expansion. On the other hand, increased domestic manufacturing will improve demand for deliveries of materials, which benefits the trucking industry.

We do not forecast a notable acceleration in the rate of economic growth in the first two quarters of the year. After that, we will see how the new landscape will shift the manufacturing sector. We’ll do our best to provide data that will help the industry through this interesting ride.

[ATD/NADA OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS]

Monthly Change in ATD/NADA Commercial Truck Guide Value December 2016 v. January 2017

Used Car Guide Segment	2011MY	2012MY	2013MY	2014MY	2015MY*
Commercial Van	↓ -18.9%	↓ -16.0%	↓ -19.5%	↓ -12.3%	↓ -3.0%
Extended Hood	↓ -5.1%	↓ -2.8%	↓ -6.9%	↘ -1.7%	↓ -3.5%
Highway Aerodynamic	↓ -6.9%	↓ -6.6%	↓ -6.5%	↓ -6.5%	↓ -6.2%
Highway Traditional	↓ -7.3%	↓ -2.8%	↓ -8.7%	↓ -2.2%	↓ -3.6%
Local/Delivery Daycab	↓ -2.3%	↓ -2.0%	↓ -4.1%	↓ -2.2%	↓ -2.5%
Medium Duty Cabover	↘ 0.0%	↘ 0.0%	↘ 0.0%	↘ 0.0%	↘ 0.0%
Medium Duty Conventional	↓ -2.8%	↓ -4.0%	↓ -3.4%	↘ -0.8%	↗ 1.6%
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 January, 2016 v. 2017

Used Car Guide Segment	5YR	4YR	3YR	2YR	Segment Change
Commercial Van	-19.8%	-18.0%	-20.0%	-0.4%	-19.0%
Extended Hood	-13.3%	-17.2%	-1.7%	-11.4%	-17.9%
Highway Aerodynamic	-35.4%	-23.1%	-13.7%	-13.5%	-35.2%
Highway Traditional	-11.2%	-15.6%	-10.1%	-11.4%	-17.1%
Local/Delivery Daycab	-18.4%	-5.5%	-2.7%	-1.0%	-17.8%
Medium Duty Cabover	-7.9%	8.8%	-13.7%	NA	-4.9%
Medium Duty Conventional	-10.8%	-1.9%	-6.6%	15.1%	-7.4%
Vocational/Construction	0.7%	-9.8%	3.6%	-5.6%	-11.7%

*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 2016

Used Car Guide Segment	2010MY	2011MY	2012MY	2013MY	2014MY*	Segment
Commercial Van	-10.8%	-10.1%	-11.2%	-11.5%	-2.6%	-8.1%
Extended Hood	-23.7%	-20.6%	-20.0%	-20.1%	-18.3%	-19.0%
Highway Aerodynamic	-34.9%	-37.2%	-37.3%	-35.1%	-28.4%	-34.8%
Highway Traditional	-23.1%	-21.5%	-20.3%	-21.0%	-19.2%	-18.8%
Local/Delivery Daycab	-27.9%	-24.8%	-24.7%	-24.7%	-13.9%	-21.3%
Medium Duty Cabover	-13.2%	-13.5%	-9.9%	-18.7%	N/A	-4.3%
Medium Duty Conventional	-15.6%	-14.1%	-16.1%	-18.0%	3.7%	-10.1%
Vocational/Construction	-15.2%	-20.5%	-15.8%	-11.6%	-17.7%	-13.4%

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

Stop by the J.D. Power booth #2526 to meet the NADA Used Car Guide team on the convention floor at the 100th Annual NADA Convention and Expo in New Orleans, January 26 - 29, 2017.

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We've moved the NADA Used Car Guide offices just a block down the street from our old place of operations. Please note our new address in the footer of this report.

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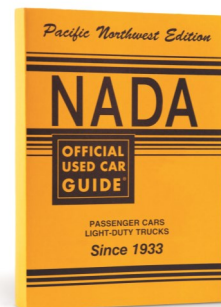
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NADA USED CAR GUIDE CONSULTING SERVICES

NADA Used Car Guide's market intelligence team leverages a database of nearly 200 million 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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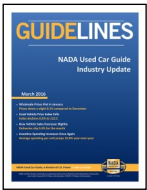
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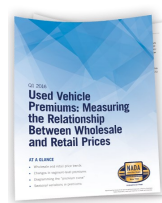
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ADDITIONAL RESOURCES



Guidelines

Updated monthly with a robust data set from various industry sources and NADA Used Car Guide's 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.

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