

J.D. POWER

COMMERCIAL TRUCK GUIDELINES

Industry Update

AUGUST 2017

Class 8 auction dynamics pointing to solid demand

Volume down, pricing up in July

Retail pricing continues to firm

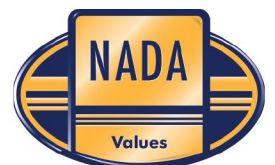
Depreciation slower in 2017 compared to 2016

Medium duty segments generally solid

Lighter-GVW segments showing minimal depreciation

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COMMERCIAL TRUCK MARKET TRENDS

Solid July for Most Segments

July's Class 8 auction results showed higher prices and lower volume compared to June. Retail selling prices remained stable, with minimal depreciation. The medium duty market generally firmed up, as lighter-GVW segments performed well.

Sleeper Tractors – Auction/Wholesale

The volume of the most common sleeper tractors sold at auction in July was back down after increasing dramatically in June. Prices of our benchmark model increased 8.1% compared to last month, a solid result which supports our position that prices are stabilizing.

July auction performance of our benchmark model was as follows:

MY2013: \$29,075 average; \$1,075 [3.8%] higher than June

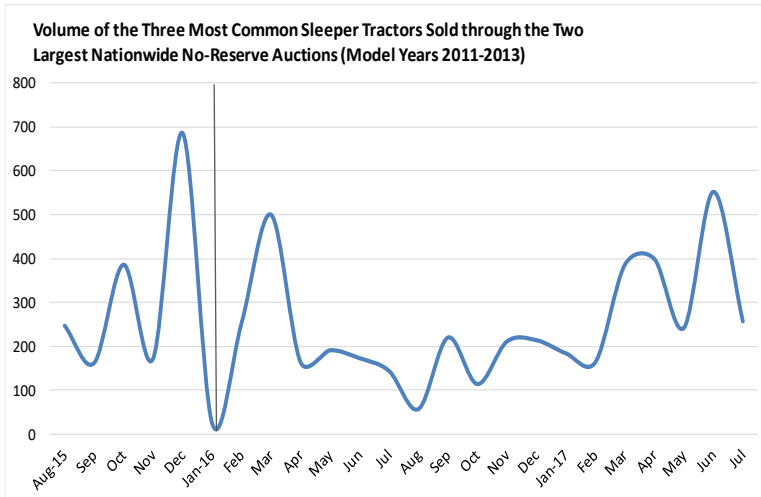
MY2012: \$23,250 average; \$1,518 [6.5%] higher than June

MY2011: \$20,250 average; \$3,225 [15.9%] higher than June

In the first half of the year, MY2011 trucks averaged 2.7% depreciation per month, MY2012 trucks depreciated 1.3% per month, and MY2013 trucks essentially lost no value.

Trucks four years of age are running through auction lanes in incrementally higher numbers but at a volume significantly lower than last year. Fleets and other owners of late-model trucks have adjusted their business models to compensate for lower pricing, and as a result are likely holding on to their trucks longer than usual.

July's Class 8 auction results showed higher prices and lower volume compared to June. Retail selling prices remained stable, with minimal depreciation. The medium duty market generally firmed up, as lighter-GVW segments performed well.



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

The larger overall wholesale environment in June [auction, dealer-to-dealer, and dealer-to-wholesaler combined] was essentially unchanged from May. The average price in the first half of 2017 is 9% lower than the same period in 2016.

The average sleeper tractor sold wholesale in June was 63 months old, had 512,804 miles, and sold for \$28,164. Compared to May, trucks sold in June were 3 months newer, had 1,055 [0.2%] fewer miles, and sold for \$278 [1.0%] less money. Compared to June 2016, the average sleeper sold this month was 12 months newer, had 71,450 [12.2%] fewer miles, and sold for \$6,418 [18.6%] less money.

The average wholesale sales price of 3- to 5-year-old sleepers dipped in June, due primarily to a smaller than usual volume of 2015 model year trucks. The average wholesale price for the 3- 5-year-old cohort was \$41,378, or \$1,368 [3.2%] lower than May.

Average prices, by age, were as follows:

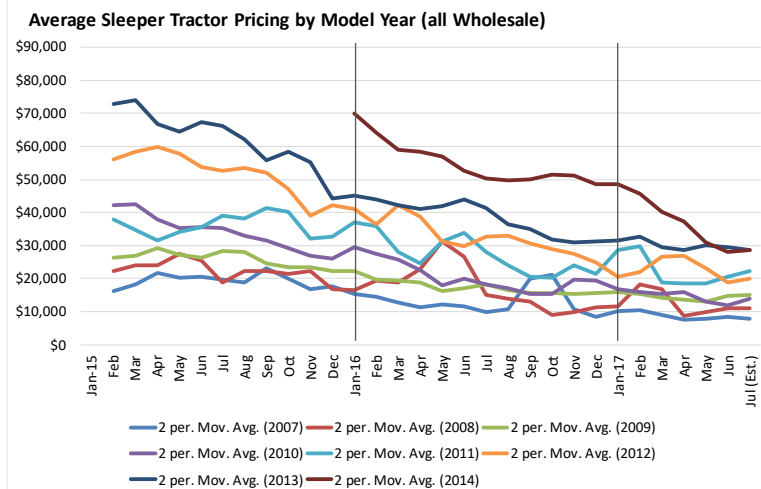
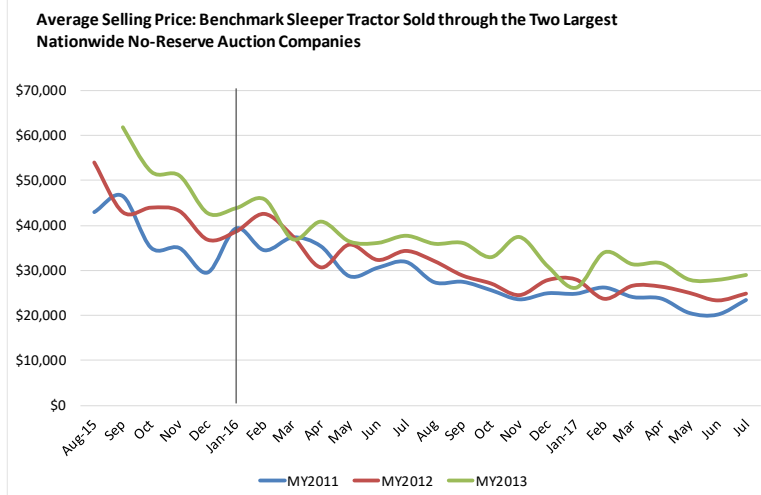
3-year-old trucks: \$65,108; \$6,993 [9.7%] lower than May

4-year-old trucks: \$28,551; \$1,016 [3.7%] higher than May

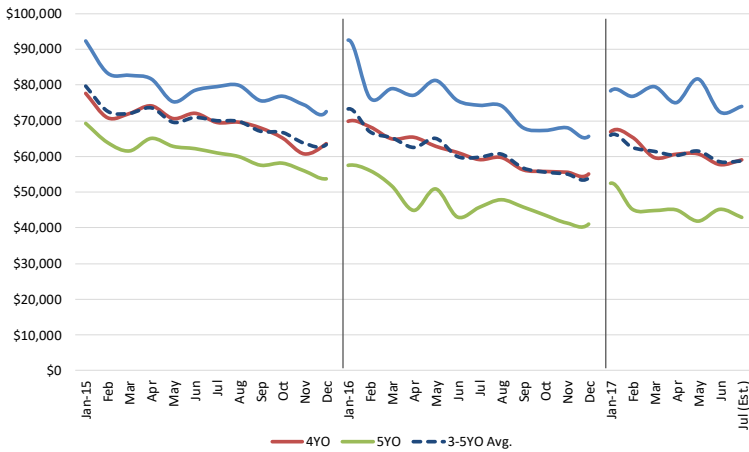
5-year-old trucks: \$30,474; \$1,871 [6.5%] higher than May

On a year-over-year basis, late model trucks sold in the first half of 2017 averaged a 3.1% lower price than the same period in 2016.

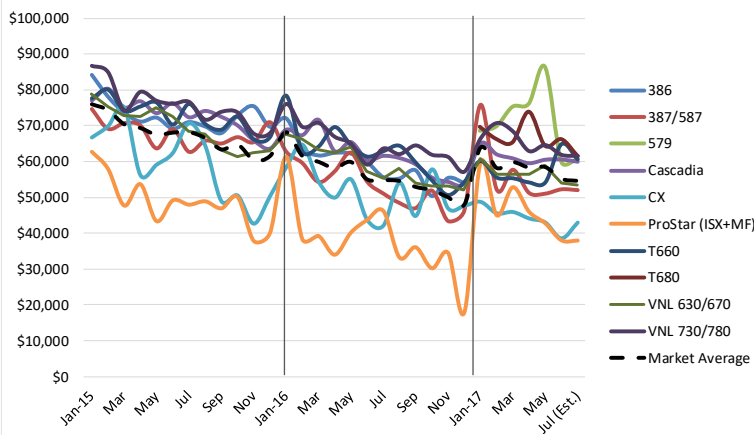
See the “Average Sleeper Tractor Pricing by Model Year [All Wholesale]” graph for detail.



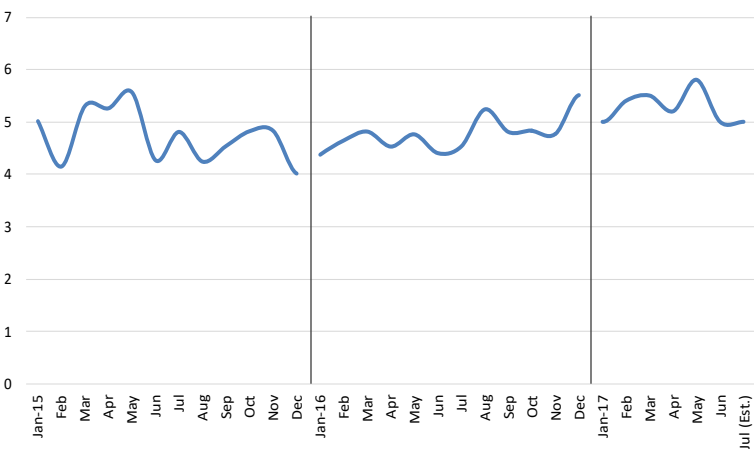
Average Retail Selling Price: 3-5 Year-Old Sleeper Tractors
Adjusted for Mileage



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 June was 74 months old, had 443,714 miles, and sold for \$47,728. Compared to May, the average sleeper was 2 months older, had 5,245 [1.2%] fewer miles, and sold for \$1,222 [2.5%] less money. Compared to June 2016, this average sleeper was 3 months older, had 31,123 [6.6%] fewer miles, and sold for \$2,763 [5.5%] less money. Overall, the retail sleeper market averaged 9.1% lower prices in the first half of 2017 compared to the same period in 2016.

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

Average pricing by age was as follows:

3-year-old trucks: \$72,444; \$9,284 [11.4%] lower than May

4-year-old trucks: \$57,659; \$3,016 [5.0%] lower than May

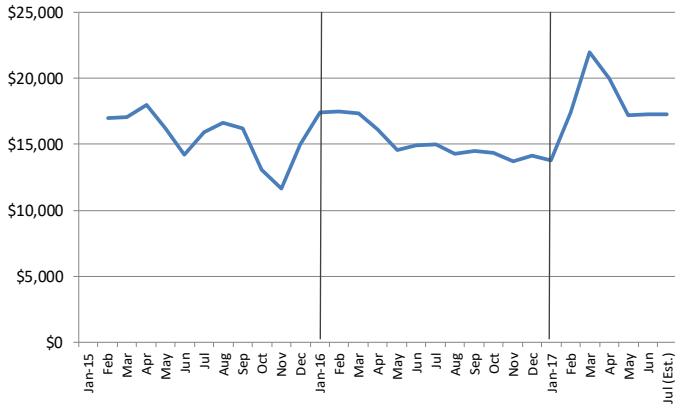
5-year-old trucks: \$45,240; \$3,285 [7.8%] higher than May

On a year-over-year basis, late-model trucks sold in the first six months of 2017 are averaging 5.8% lower prices than in the same 2016 period. Multi-month trends show the retail market leveling out, with depreciation 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 579 returned closer to the trend this month due to a more balanced mix of model years in the average. The T660 was bolstered by an increased volume of model-year 2015 trucks.

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



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

Sales volume at individual dealership rooftops was down from a strong May. June’s average of 5 trucks per rooftop is 0.8 lower than May, but 0.6 higher than June 2016. The first half of 2017 ran 0.7 truck ahead of the same 2016 period. Dealers should be feeling some improvement over last year.

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

Medium Duty Trucks

Starting with Class 3-4 cabovers, prices of our benchmark cohort bumped back up in June, negating May’s dip. June’s average price was \$17,639, which was \$744 [4.4%] higher than May, and \$2,535 [16.8%] higher than June 2016.

In the first half of 2017, monthly fluctuations in our averages have been attributable primarily to a changing age and mileage mix of trucks sold. Prices for newer, lower-mileage trucks remain stable, and there are enough of them available to keep buyers from having to settle for older equipment.

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

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



The conventional market also moved back upward in June. Both the heavier and lighter GVW segments increased, with particular strength in the lighter-GVW segment.

Specifically, Class 4’s averaged \$22,116 in June. This figure is \$3,476 [18.6%] higher than May, and \$2,722 [14.0%] higher than June 2016. Class 6’s continued to underperform Class 4’s and averaged \$17,421 in June. The figure is \$2,220 [14.5%] higher than May, but \$714 [or 3.9%] lower than June 2016.

In the first half of 2017, Class 4 trucks lost only 1.1% of their value each month. While strong, this figure is slightly behind the same 2016 period in which trucks were essentially flat. Class 4 trucks in our benchmark age group averaged 3.9% higher prices in the first half of this year.

Class 6’s lost a substantial 4.6% of their value each month this year, which is very similar to last year’s 4.7% over the same period. Class 6 trucks in our benchmark age group are running 9.3% behind 2016.

Volume for Class 4 was similar to last month, while volume for Class 6 was moderately higher than an unimpressive May. Demand should continue to incrementally improve in upcoming months for trucks of all GVW classes based on general macroeconomic trends.

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

Forecast

Class 8 auction prices continue to look solid, with a strong month at the auctions and minimal depreciation through retail channels. Trucks with three to four years of age are still scarce at auction compared to this time last year. Conditions have largely stabilized.

ATD OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS

Monthly Change in ATD/NADA Commercial Truck Guide Value

July v. August 2017

Used Car Guide Segment	2011MY	2012MY	2013MY	2014MY	2015MY*
Commercial Van	→ 0.5%	→ 0.5%	→ 0.3%	→ 0.0%	↘ -0.8%
Extended Hood	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Highway Aerodynamic	→ 0.0%	→ -0.2%	↓ -2.1%	↘ -1.5%	→ -0.1%
Highway Traditional	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Local/Delivery Daycab	→ 0.0%	→ -0.2%	↘ -0.9%	↘ -1.2%	↘ -1.4%
Medium Duty Cabover	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Medium Duty Conventional	→ 0.4%	→ 0.5%	→ 0.0%	→ 0.0%	→ 0.0%
Vocational/Construction	→ 0.0%	↘ -1.5%	↘ -1.2%	↘ -0.5%	↘ -1.6%

*Value movement can be influenced by newly valued vehicles.

Annual Change in ATD/NADA Commercial Truck Guide Value

August, 2016 v. 2017

Used Car Guide Segment	5YR	4YR	3YR	2YR	Segment Change
Commercial Van	-16.6%	-11.6%	-14.6%	-2.1%	-16.6%
Extended Hood	-1.7%	-4.8%	13.9%	2.6%	-8.9%
Highway Aerodynamic	-17.1%	-6.3%	-1.9%	-4.6%	-24.2%
Highway Traditional	4.7%	0.8%	9.4%	4.0%	-4.6%
Local/Delivery Daycab	-7.1%	6.5%	6.7%	3.9%	-13.2%
Medium Duty Cabover	-8.8%	0.7%	-9.8%	-14.1%	-15.2%
Medium Duty Conventional	-8.5%	2.9%	-4.7%	5.1%	-7.6%
Vocational/Construction	21.7%	2.3%	8.3%	0.8%	-1.6%

*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.

YTD Change in ATD/NADA Commercial Truck Guide Value

January — August 2017

Used Car Guide Segment	2011MY	2012MY	2013MY	2014MY	2015MY*	Segment
Commercial Van	-1.7%	-0.2%	2.9%	-3.1%	-7.2%	-2.5%
Extended Hood	-8.8%	-6.1%	-2.9%	-1.1%	-1.4%	-3.8%
Highway Aerodynamic	-9.4%	-9.9%	-15.4%	-15.2%	-11.7%	-12.3%
Highway Traditional	-5.3%	-4.0%	-1.0%	-0.8%	-1.5%	-2.7%
Local/Delivery Daycab	-7.4%	-7.9%	-7.3%	-7.7%	-5.3%	-5.7%
Medium Duty Cabover	-10.7%	-9.4%	-11.0%	-6.7%	-9.9%	-8.0%
Medium Duty Conventional	-5.6%	-3.8%	-4.8%	-5.9%	-6.1%	-4.5%
Vocational/Construction	-1.3%	-2.8%	-2.5%	-3.5%	-0.9%	-0.5%

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

Stop by and say hello to *Chris Visser* on the exposition floor at the Successful Dealer Conference Aug. 24. in Las Vegas.

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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J.D. Power Valuation Services' 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 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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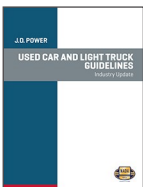
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ADDITIONAL RESOURCES



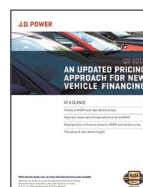
Guidelines

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.



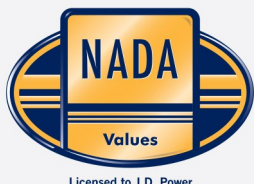
White Papers

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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