

GUIDELINES

Commercial Truck Guide Industry Update

June 2016

- **Class 8 sleeper auction volume stable**
But keep an eye on increased supply of daycabs
- **Retail depreciation outpaces wholesale**
Monthly value loss remains at the 4-5% level
- **Weak month for medium duty segments**
Higher volume and older mix of trucks impacts this month's averages

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COMMERCIAL TRUCK MARKET TRENDS

Sluggish Freight Environment Keeps a Lid on Demand

Class 8 auction volume remains relatively steady, well behind the second half of 2015. Volume is shifting to one specific model — and daycabs — in general, are seeing a higher supply. Retail pricing continues to catch up to wholesale, with the market sticking to our depreciation forecast of 4 – 5% per month. The freight environment remains muted, limiting demand for new and used trucks.

Sleeper Tractors – Auction/Wholesale

The volume of our benchmark group of sleeper tractors sold through the nation’s two largest no-reserve auction companies ticked up mildly in May, with one model responsible for the vast majority of the 15.3% month-over-month increase. Pricing for this group was down 5.6% on average.

Specific performance of our benchmark model was as follows:

MY2013: \$36,500 average; \$4,407 (or 10.8%) lower than April

MY2012: \$35,659 average; \$5,059 (or 16.5%) higher than April

MY2011: \$28,750 average; \$6,607 (or 18.7%) lower than April

Month-over-month pricing fluctuations aren’t overly meaningful given the low recent volume. Looking at the year-to-date trend, trucks of model year 2013 have lost about 13% of their value, trucks of model year 2012 have lost about 18% of their value, and trucks of model year 2011 have lost about 11% of their value. These figures translate to

Retail pricing continues to catch up to wholesale, with the market sticking to our depreciation forecast of 4 – 5% per month.

[COMMERCIAL TRUCK MARKET TRENDS *continued*]

an overall monthly loss under 3%. That’s not a bad decline given the major changes the market has seen over the past year, and better than the 4.7% average monthly loss in the second half of 2015.

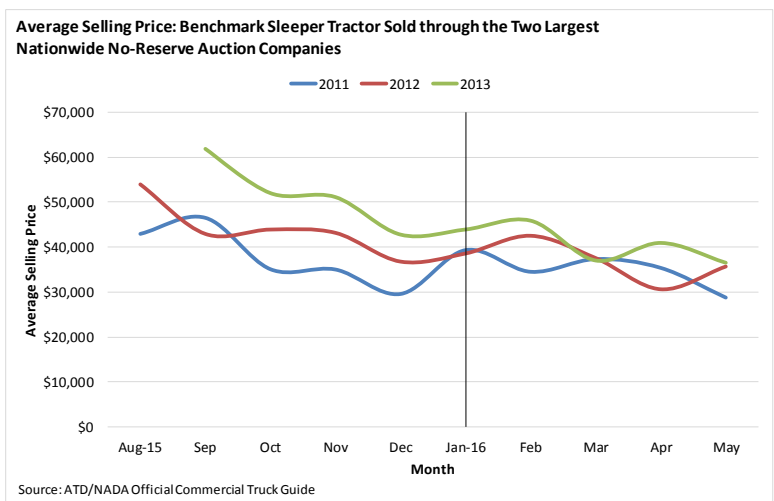
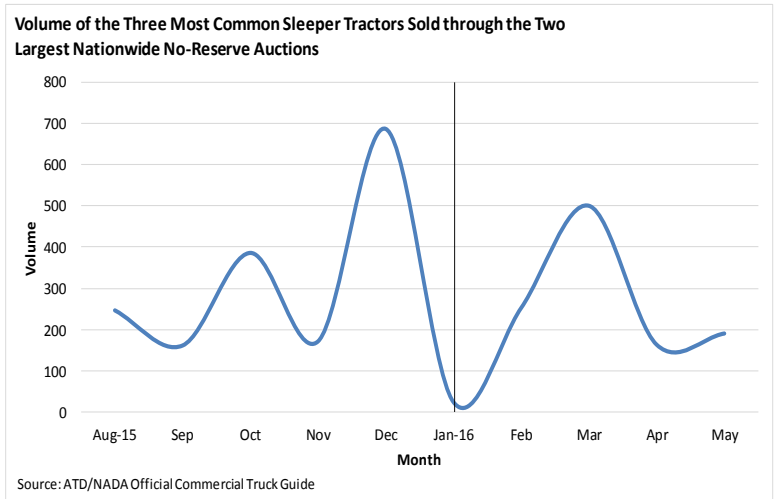
Given the new truck sales history the past three years, the returning supply of used trucks is somewhat predictable. Volume should increase mildly in the second and third quarters, then fall in the fourth. We can expect another first quarter increase in 2017.

One other item to note is the volume of daycab versions of our benchmark models; it increased dramatically in May. We are limiting our published analysis to sleepers, but keep in mind this increased volume of daycabs will impact market pricing.

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

Looking at the larger wholesale market overall (all sleeper tractors with dealer-to-dealer sales included), April’s volume was notably lower than March’s, and May looks to continue the trend. Due to the lower volume of trucks in the 3 – 5 year-old bracket, the average age of trucks sold in April jumped up to 93 months — 11 months higher than March.

The 2012 model year showed the largest decline in volume, mainly due to a drop in Volvo 630’s and 670’s reported sold. Average pricing for this model year was down substantially in April at \$33,151 — an \$11,184 (or 25.2%) decrease versus March. Year-to-date, sleepers three to five years of age are bringing \$8,626 (or 15.9%) less than in the first four months of 2015, with four-year-old trucks suffering the worst. See the



COMMERCIAL TRUCK MARKET TRENDS *continued*

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

Most dealers have more than enough inventory of late-model sleepers, so activity in the non-auction wholesale channel is likely centered around inventory relocation and specific needs from customers.

Sleeper Tractors – Retail

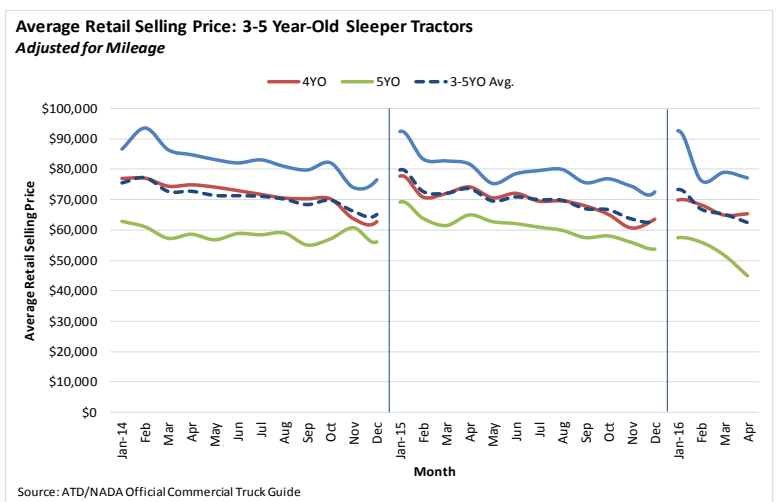
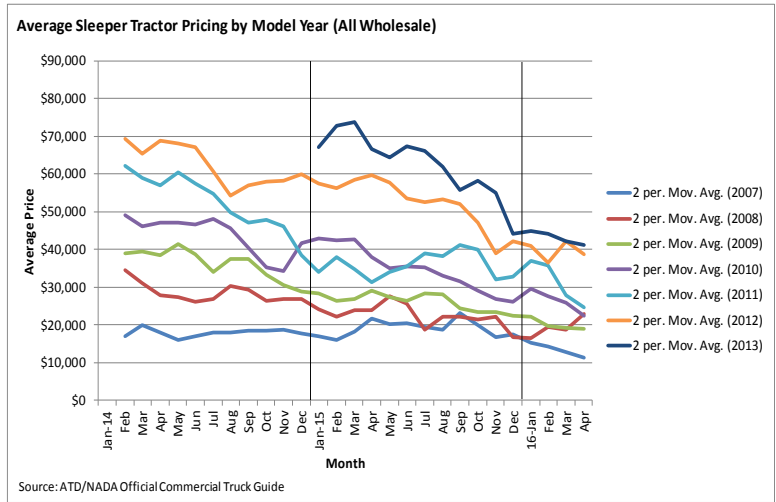
Depreciation in the wholesale channel is moderating, but the retail channel is still playing catch-up. Sleeper tractors three to five years of age brought an average of 4.2% less money in April than March. Year-over-year, the first four months of 2016 are running \$7,565 (or 10.1%) behind the same period of 2015.

Trucks of model year 2012 have fared the worst in 2016 to date, losing 21.8% of their retail value from January to April. In the same period of 2015, that age group had lost only 4.5%. This past April was likely an outlier though, as an unusually large group of retail Freightliner Cascadias sold at a price typically brought in the wholesale market. As such, we expect May’s results to show an upward correction in the five-year-old cohort.

Trucks three and four years of age fared better, with 2014’s losing 2.3% of their value, and 2013’s gaining 0.7% month-over-month.

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

Looking at individual models, the Cascadia suffered in April due to the aforementioned group of 2012’s cycling through the market, as well as a wide range of prices for 2014 models. The Kenworth T660 gained ground for the second month in a row, moving upward in all three model years covered in this analysis. MX-engined T660’s performed on par with



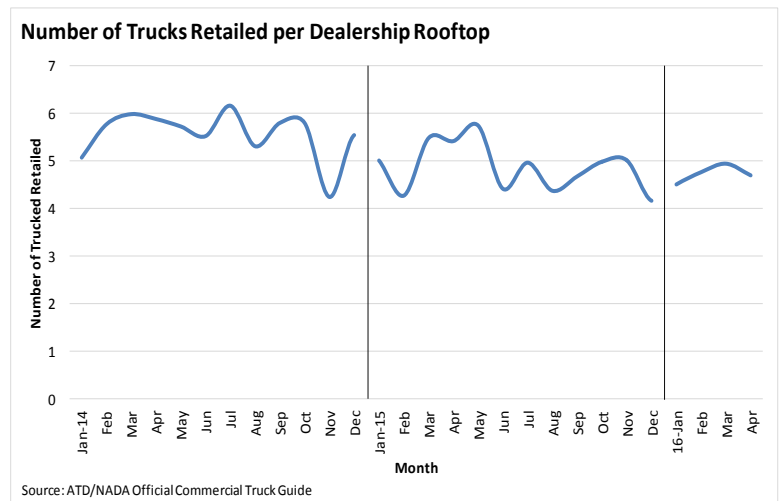
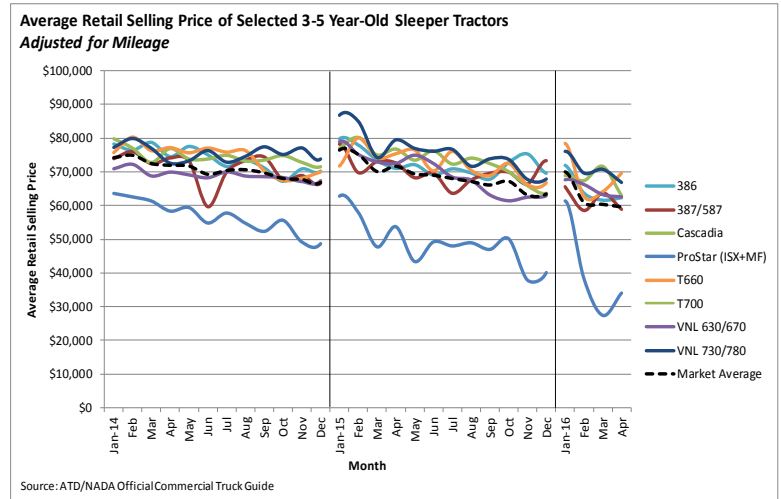
COMMERCIAL TRUCK MARKET TRENDS *continued*

ISX-powered units this month. The Peterbilt 386 underperformed its PACCAR cousin for a second month, this time due primarily to weak selling prices of a specific group of 2013 models.

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

Looking at retail sales volume, there was a small dip from March to April, from 4.9 to 4.7 trucks sold per rooftop. We estimate May’s results will be in that range. If correct, this means the first five months of 2016 are running about 0.5 truck behind the same period of 2015 — a meaningful difference. Lower freight demand is most likely a factor in the negative comparison. Lower used truck pricing should be bolstering demand, as late-model trucks become less expensive every month. However, this factor primarily helps buyers with an older trade-in or those looking to purchase a truck outright. Buyers with newer trade-ins may balk at unexpectedly low trade offers, and opt to repair rather than replace.

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



Medium Duty Trucks

Starting with Class 3 – 4 cabovers, a moderately older and higher-mileage mix of trucks cycled through the wholesale market in April, depressing monthly average pricing for our benchmark group of trucks. During the month, this cohort brought a mileage-adjusted average of \$11,697. This figure is a whopping \$6,450 (or 35.5%) lower than March, and \$7,019 (or 37.5%) lower than April 2015. Market conditions have not changed appreciably in recent months, with no clear factors placing upward or downward pressure on this segment. We attribute April’s low average to the older and

[COMMERCIAL TRUCK MARKET TRENDS *continued*]

higher-mileage mix of trucks sold rather than any shift in demand. May’s results should show a return to the recent trend.

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

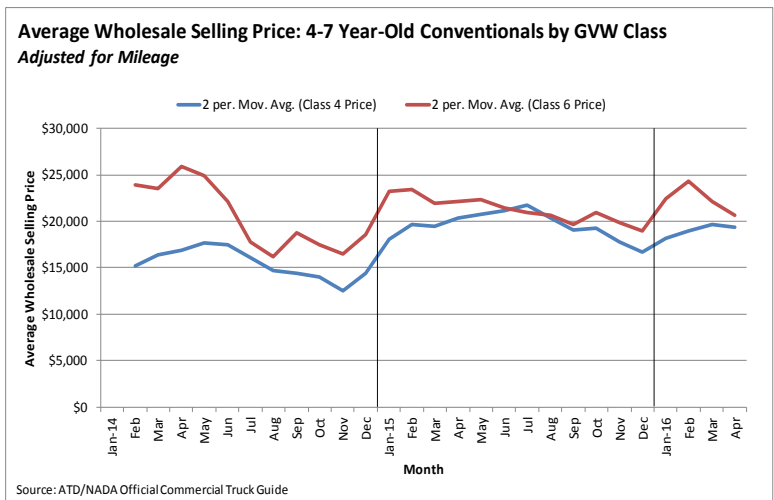
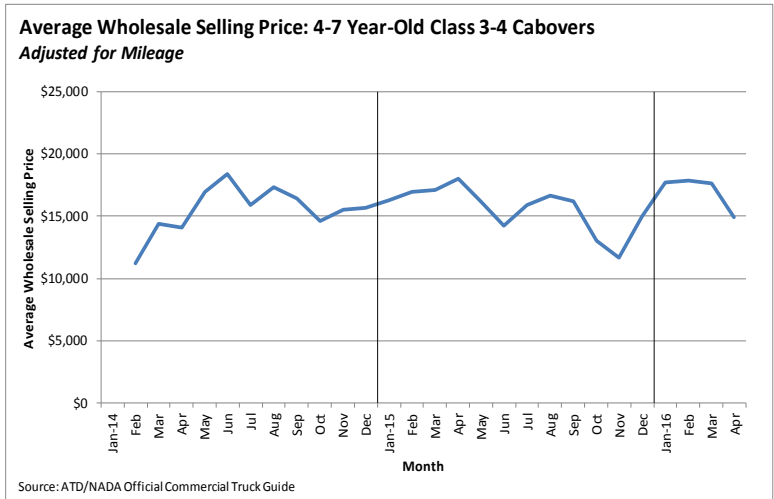
Class 4 conventionals also saw a dip in April compared to March, with our benchmark group averaging \$18,522 — which is \$1,739 (8.6%) lower than March — and \$2,588 (or 12.3%) lower than April 2015. The first four months of 2016 trailed the same period of 2015 by \$817 (or 4.1%). Volume has been higher in 2016, which is the likely explanation for the mildly lower pricing. Market conditions have not changed notably for this segment.

Class 6 conventionals also dropped month-over-month, with our benchmark group averaging \$19,986 — which is \$1,398 (6.5%) lower than March — and \$651 (or 3.2%) lower than April 2015. The first four months are essentially equal year-over-year, with 2016 trailing 2015 by \$275 (or 1.2%). The volume of Class 6 conventionals sold is notably higher in 2016 than 2015, which would explain the flat year-over-year pricing in the face of incrementally better demand.

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

Forecast

Most economic measures continue to show incremental growth, although the freight environment is turning increasingly negative. Lower late-model used truck pricing should be encouraging demand, but buyers may be cautious about the freight environment and the value of their trades. This may be the status quo for the next few months.



[ATD/NADA OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS]

Monthly Change in ATD/NADA Commercial Truck Guide Value

June 2016 v. May 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

June, 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 — June 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.

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On the Road

Say, "Hi" to Mike Stanton at the 2016 NIADA Convention and Expo in Las Vegas, June 13-16.

Larry Dixon will present on a panel covering collateral risk and vehicle values at the 2016 Southeastern Credit Union Conference and Exposition on June 16 in Orlando.

Jonathan Banks will share NADA Used Car Guide's latest research on used value pricing at the annual Automotive Resource Network Conference in Atlanta, which runs August 2 – 3.

Commercial truck senior analyst, Chris Visser, will be presenting market data at the Used Truck Association Management Training Seminar in Kansas City June 22 .

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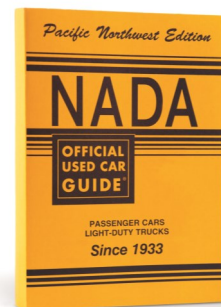
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NADA Used Car Guide's market intelligence team leverages a database of nearly 200 million transactions and more than 100 economic and market-related series to describe the factors driving current trends to help industry stakeholders make more informed 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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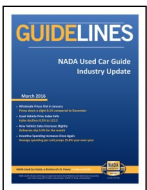
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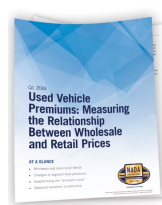
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Guidelines

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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