

J.D. POWER

USED CAR AND LIGHT TRUCK GUIDELINES

Industry Update

FEBRUARY 2018

Wholesale Prices Decline in January

Prices down by an average of 0.6 %

Used Vehicle Price Index Down

Index slips 0.5% to 114.2

New Vehicle Deliveries Rise

Sales increase by 1.1%, new vehicle SAAR reaches 17.07M

Incentive Spending Increases

Incentives grow for 34th straight month

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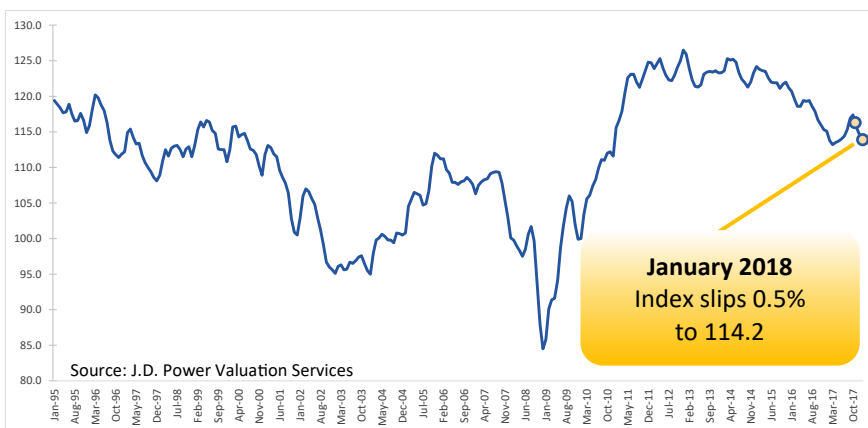
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NEW & USED MARKET UPDATE

USED MARKET UPDATE

Wholesale prices of used vehicles up to 8 years in age fell by an average of 0.6% in January. The sluggish start to the new year resulted in the J.D. Power Valuation Services' Seasonally Adjusted Used Vehicle Price Index declining slightly. As a result, the index fell by 0.6-points [0.5%] reaching 114.2.

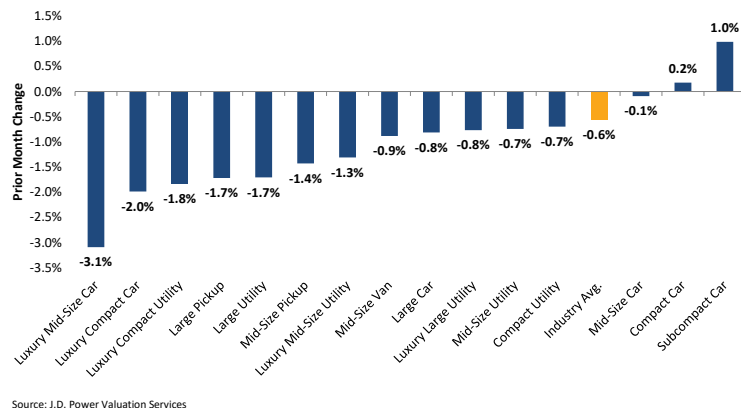
Typical for the time of the year, January losses at the segment level were led by premium segments. At the top of the depreciation scale, Luxury Mid-Size Car prices fell by an average of 3.1%. Losses for this segment were driven primarily by an influx of 3-year-old 2015 model year units returning to the market. Some examples of this were 95% and 86% auction volume increases for 2015 Lexus GS and 2015 Audi A6 units, while at the same time prices declined by approximately 3% and 4%, respectively. Luxury Compact Car and Luxury Compact Utility prices trailed further behind, down by 2% and 1.8%, respectively. While slightly elevated, these losses were more in line with what typically occurs for the period. Remaining premium segment losses were scattered, and more severe than the industry average for the month. Luxury Mid-Size utility prices fell by an average of 1.3% followed by Luxury Large Utility losses of 0.8%.



On the Mainstream side of the market, declines were led by Large Pickup and Utility segments. While Large Pickup prices continue to be strong, the segment is showing signs of losing momentum. Prices for the segment fell by 1.7% in January and have now declined 4 months in a row. Some of the most severe Large Pickup declines for the month were observed among late model [0YO – 3YO] Ram 1500 models. Losses for the group reached an average of 3.1%, while auction volume grew by around 68% compared to December. The Large Utility segment declined by

New & Used Market Trends [cont.]

Monthly Change in Wholesale Used Vehicle Prices - January 2018
Vehicles up to eight years in age.



Source: J.D. Power Valuation Services

a similar 1.7% followed by the Mid-Size Pickup segment with a 1.3% loss. Compact and Subcompact Car segments experienced the only increases in January prices grew by 0.2% and 1%, respectively. Remaining Mainstream segment losses fell within a range of 0.9% for Mid-Size Vans to 0.1% for Mid-Size Cars.

AUCTION VOLUME TRENDS

Late-model auction volume ended January 33.8% above December 2017's level. A total of almost 273,000 2015 – 2018 model year units returned to the market in January a figure 0.8% below January 2017. Some of the largest volume increases were

observed in the truck and SUV segments. SUV growth continues to be some of the biggest in the industry. For example, Compact Premium SUV volume grew by a massive 63.1%, while Large SUV volume increased by 24.9%

In terms of volume share, late model car auction volume reached 54% in January, while truck share lagged at 46%. This is a reversal of what's occurred on the new side of the market.

FEBRUARY 2018 USED VEHICLE PRICE FORECAST

For February, wholesale prices of vehicles up to 8-years in age are expected to increase by 0.3%, a figure better than February 2017's 0.9% decline. In terms of full-year expectations, used prices are still forecast to remain relatively flat in 2018 compared to 2017.

NEW VEHICLE SALES STARTED YEAR AT HEALTHY PACE

After declining by 5% in December, January's U.S. light-vehicle sales fueled by incentives were above January 2017's result by 1%. Most analysts predict 2018 will mark a second straight year of volume decline.

January's results brought the seasonally adjusted annual rate [SAAR] down to 17.07M units from December's 17.75M figure. January's SAAR was also lower than January 2017[17.34M].

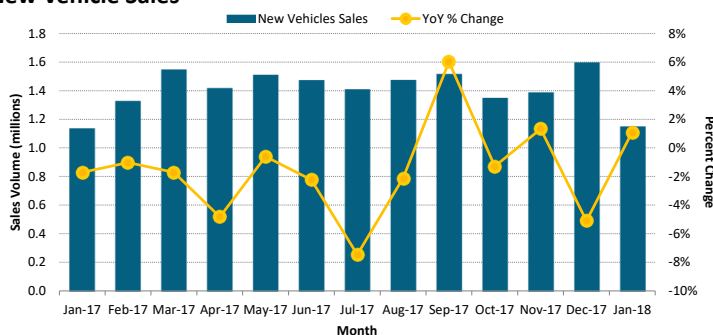
Sales of light trucks and SUVs were robust and continued to climb in January. The share of new light truck and SUV deliveries accounted for 68% of the market in January. Looking back a year to January 2017, these segments accounted for 64% of the market. At the same time, car sales remained weak and accounted for 32% of total new sales compared to 36% in January 2017.

New & Used Market Trends [cont.]

NEW VEHICLE SALES

General Motors reported 198,433 new vehicle deliveries in the U.S. market for the month, a 1% increase compared to January 2017. Sales decreased at GMC [-11%] and Cadillac [-4%] and increased at Buick [+4%] and Chevrolet [+5%] compared to a year ago. GM's best-seller, the Chevrolet Silverado pickup, saw a 15% increase in sales.

New Vehicle Sales



Source: WardsAuto

Ford Motor Company sales decreased by 7% to 155,899 in January. Looking at mainstream sales, Blue Oval deliveries dropped by 6% compared to January 2017 levels with F-Series sales growing by 1% and reaching 54,425 trucks sold in January. Ford's Lincoln luxury brand saw deliveries decrease by 27% in January.

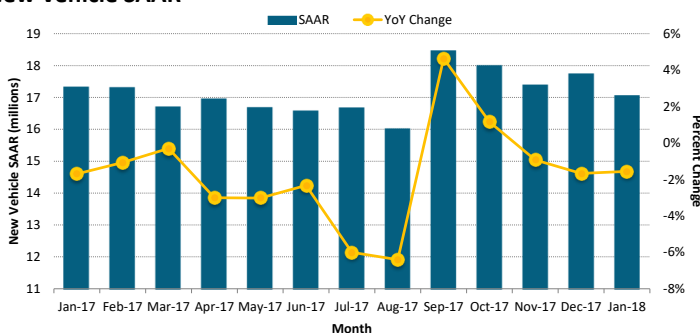
FCA reported a 13% sales decline for the January 2018 period and reached 131,896 units. At the brand level, sales were down for every make except for Jeep and Alfa Romeo. Fiat brand sales fell by 43%, followed by a 31% decline at Dodge, while Jeep posted a 2% increase.

In January, Toyota sales rose 17%, with deliveries increasing 17% at Toyota brand and 15% at Lexus. Strong demand for the RAV4 increased sales by 20%, reaching 26,655 units in January.

American Honda sales decreased by 2% in January. The mainstream Honda brand saw a 2% decrease in deliveries, and its luxury Acura brand posted a 3% drop in units sold.

Nissan North America's sales improved by 10% in January and reached 123,538 units. Mainstream Nissan brand saw an increase of 12%, while luxury arm Infiniti posted an 8% decline.

New Vehicle SAAR

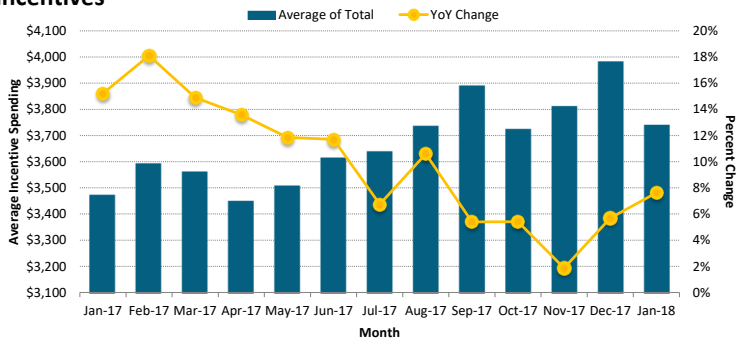


Source: WardsAuto

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New & Used Market Trends [cont.]

Incentives



Source: Autodata

INCENTIVES GROW BY 8%

Automakers grew incentive spending once again in January, making it the 34th month in a row spending increased. On average, according to Autodata, spending reached \$3,740 per unit versus \$3,475 per unit in January 2017.

Among the U.S. Big Three, GM increased incentives by 13% in January to an average of \$5,193 per unit. Spending at Ford Motor Company grew by 1% to \$4,182 per unit, while FCA increased their incentives by 3% to an average of \$4,324 per unit.

As for import automakers, Toyota Motor Sales boosted incentives by 17% in January, reaching an average of \$2,585 per unit. American Honda decreased incentives by 16% to \$1,762, while Nissan North America increased spending by 3% to \$4,105 per unit.

Luxury automaker BMW increased incentives by 32% to an average of \$5,573 in January. Audi decreased spending by 4% to \$5,015 per unit, while Mercedes-Benz grew spending by 17% to \$5,228.

At the mainstream brand level, Ram's \$5,589 average incentive spend was the highest among non-luxury nameplates. Fiat, Chevrolet, and Buick each spent more than \$5,000 per unit on incentives in January. At the other end of the spectrum, Subaru spent only \$1,351 per unit, up by 40% compared to the same period in 2017.

Mainstream Brand Performance (Units Sold)

	Jan-18	Jan-17	CYTD-18	CYTD-17	Y/Y Change	CYTD/CYTD
Buick	13,648	13,117	13,648	13,117	4.0%	4.0%
Chevrolet	141,832	135,088	141,832	135,088	5.0%	5.0%
Chrysler	10,584	13,377	10,584	13,377	-20.9%	-20.9%
Dodge	27,600	40,109	27,600	40,109	-31.2%	-31.2%
Fiat	1,229	2,164	1,229	2,164	-43.2%	-43.2%
Ford	149,489	158,235	149,489	158,235	-5.5%	-5.5%
GMC	33,058	37,324	33,058	37,324	-11.4%	-11.4%
Honda	95,634	97,178	95,634	97,178	-1.6%	-1.6%
Hyundai	39,629	44,689	39,629	44,689	-11.3%	-11.3%
Isuzu Truck	347	203	347	203	70.9%	70.9%
Jeep	59,703	58,415	59,703	58,415	2.2%	2.2%
Kia	35,628	35,626	35,628	35,626	0.0%	0.0%
Mazda	24,962	21,698	24,962	21,698	15.0%	15.0%
Mini	2,937	3,110	2,937	3,110	-5.6%	-5.6%
Mitsubishi	8,480	6,457	8,480	6,457	31.3%	31.3%
Mitsubishi Fuso	10	1	10	1	900.0%	900.0%
Nissan	112,903	100,761	112,903	100,761	12.1%	12.1%
Ram	31,132	36,953	31,132	36,953	-15.8%	-15.8%
Scion	0	72	0	72	-100.0%	-100.0%
Smart	105	324	105	324	-67.6%	-67.6%
Subaru	44,357	43,879	44,357	43,879	1.1%	1.1%
Toyota	149,142	127,404	149,142	127,404	17.1%	17.1%
Volkswagen	24,744	23,510	24,744	23,510	5.2%	5.2%

Source: WardsAuto

Luxury Brand Performance (Units Sold)

	Jan-18	Jan-17	CYTD-18	CYTD-17	Y/Y Change	CYTD/CYTD
Acura	8,908	9,202	8,908	9,202	-3.2%	-3.2%
Alfa Romeo	1,648	108	1,648	108	1425.9%	1425.9%
Audi	14,511	13,201	14,511	13,201	9.9%	9.9%
BMW	19,016	18,109	19,016	18,109	5.0%	5.0%
Cadillac	9,895	10,298	9,895	10,298	-3.9%	-3.9%
Genesis	1,613	1,818	1,613	1,818	-11.3%	-11.3%
Infiniti	10,635	11,558	10,635	11,558	-8.0%	-8.0%
Jaguar	2,604	2,939	2,604	2,939	-11.4%	-11.4%
Land Rover	5,026	6,163	5,026	6,163	-18.4%	-18.4%
Lexus	17,914	15,572	17,914	15,572	15.0%	15.0%
Lincoln	6,410	8,785	6,410	8,785	-27.0%	-27.0%
Mercedes-Benz	27,498	27,576	27,498	27,576	-0.3%	-0.3%
Porsche	4,816	4,602	4,816	4,602	4.7%	4.7%
Tesla	5,496	5,500	5,496	5,500	-0.1%	-0.1%
Volvo	5,567	3,472	5,567	3,472	60.3%	60.3%

Source: WardsAuto

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OFFICIAL USED CAR GUIDE® TRENDS

Monthly Change in NADA Used Car Guide Value: January vs. February, 2018

NADA Segment	2011MY	2012MY	2013MY	2014MY	2015MY	2016MY	2017MY*
Compact Car	0.2%	0.9%	1.0%	1.4%	0.8%	-0.3%	-0.1%
Compact Utility	1.3%	0.2%	1.0%	0.5%	0.7%	0.8%	0.4%
Large Pickup	0.3%	-0.1%	-0.9%	0.0%	-0.6%	-0.6%	-0.5%
Large SUV	-0.3%	0.2%	0.0%	1.2%	0.6%	0.4%	0.0%
Luxury Compact Car	1.0%	-0.5%	0.4%	0.7%	0.3%	0.8%	0.1%
Luxury Compact Utility	-0.4%	0.3%	1.4%	0.9%	0.6%	0.0%	-0.9%
Luxury Mid-Size Car	0.4%	-0.1%	0.5%	1.1%	1.1%	0.2%	0.5%
Luxury Mid-Size Utility	0.6%	0.1%	1.7%	-0.2%	0.7%	1.6%	-11.7%
Mid-Size Car	0.9%	1.0%	0.8%	0.5%	1.4%	1.7%	0.6%
Mid-Size Utility	-0.2%	0.3%	1.2%	0.5%	0.8%	0.4%	0.3%
Mid-Size Van	0.3%	0.0%	1.2%	0.5%	0.2%	0.4%	-0.5%
Premium Luxury Large Car	-0.2%	0.8%	-0.7%	0.7%	-0.3%	-0.6%	0.3%
Subcompact Car	-1.9%	1.1%	1.0%	2.2%	2.4%	1.1%	-1.2%

*Value movement can be influenced by newly valued vehicles.

Annual Change in NADA Used Car Guide Value: February, 2017 vs. 2018

NADA Segment	7YR	6YR	5YR	4YR	3YR	2YR	1YR
Compact Car	6.5%	2.7%	4.0%	0.8%	4.8%	-2.1%	0.4%
Compact Utility	-0.9%	-2.4%	-2.8%	1.1%	-3.6%	0.4%	3.6%
Large Pickup	9.6%	5.1%	6.8%	7.1%	8.9%	6.8%	6.1%
Large SUV	-4.3%	-1.9%	-2.4%	-2.2%	12.7%	4.9%	1.2%
Luxury Compact Car	-5.5%	6.0%	-2.6%	1.7%	-1.7%	6.1%	-0.1%
Luxury Compact Utility	-3.2%	7.7%	-1.1%	5.2%	-5.4%	4.0%	-0.7%
Luxury Mid-Size Car	-2.0%	1.3%	4.4%	6.5%	1.4%	4.8%	1.9%
Luxury Mid-Size Utility	-7.3%	0.7%	0.1%	4.3%	0.3%	13.2%	0.9%
Mid-Size Car	-5.0%	-3.9%	-1.0%	2.0%	-0.6%	-2.9%	-0.3%
Mid-Size Utility	-2.9%	-2.0%	0.4%	3.1%	3.9%	2.4%	0.4%
Mid-Size Van	14.4%	-1.5%	1.9%	-7.2%	4.9%	2.6%	9.8%
Premium Luxury Large Car	-7.3%	-0.4%	4.5%	-8.9%	4.5%	15.5%	4.8%
Subcompact Car	-10.7%	-15.2%	2.0%	-4.3%	4.2%	0.8%	5.8%

*Value differences can be the result of changes in segment mix (i.e. models entering/leaving), model redesigns, and overall market performance.

YTD Change in NADA Used Car Guide Value: January, 2018 — February, 2018

NADA Segment	2011MY	2012MY	2013MY	2014MY	2015MY	2016MY	2017MY*
Compact Car	-0.2%	-0.9%	-1.0%	-1.4%	-0.8%	0.3%	0.1%
Compact Utility	-1.3%	-0.2%	-1.0%	-0.5%	-0.7%	-0.7%	-0.4%
Large Pickup	-0.3%	0.1%	0.9%	0.0%	0.6%	0.6%	0.5%
Large SUV	0.3%	-0.2%	0.0%	-1.1%	-0.6%	-0.4%	0.0%
Luxury Compact Car	-1.0%	0.5%	-0.4%	-0.7%	-0.3%	-0.8%	-0.1%
Luxury Compact Utility	0.4%	-0.3%	-1.4%	-0.9%	-0.6%	0.0%	0.9%
Luxury Mid-Size Car	-0.4%	0.1%	-0.5%	-1.1%	-1.1%	-0.2%	-0.5%
Luxury Mid-Size Utility	-0.6%	-0.1%	-1.7%	0.2%	-0.7%	-1.6%	13.3%
Mid-Size Car	-0.9%	-1.0%	-0.8%	-0.5%	-1.4%	-1.6%	-0.6%
Mid-Size Utility	0.2%	-0.3%	-1.2%	-0.5%	-0.8%	-0.4%	-0.3%
Mid-Size Van	-0.3%	0.0%	-1.2%	-0.5%	-0.2%	-0.4%	0.5%
Premium Luxury Large Car	0.2%	-0.8%	0.8%	-0.7%	0.3%	0.6%	-0.3%
Subcompact Car	1.9%	-1.1%	-1.0%	-2.1%	-2.3%	-1.1%	1.2%

*Value movement can be influenced by newly valued vehicles.

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

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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.



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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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CONSULTING SERVICES

J.D. Power Valuation Services' market intelligence team leverages a database of nearly 200 million automotive transactions and more than 100 economic and automotive 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 the automotive industry, 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 automotive clients, the market intelligence team is responsible for publishing white papers, special reports and the Used Car & Truck Blog. Throughout every piece of content, the team strives to go beyond what is happening in the automotive industry to confidently answer why it is happening and how it will impact the market in the future.

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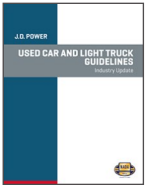
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ADDITIONAL RESOURCES



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.



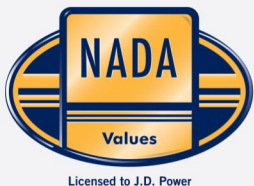
White Papers

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.



Used Car & Truck Blog

Written and managed by the Market Intelligence team, the Used Car & Truck Blog analyzes market data, lends insight into industry trends and highlights relevant events.



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