J.D. POWER

USED CAR AND LIGHT TRUCK GUIDELINES

Industry Update

JULY 2018

Wholesale Prices Decline in June

Prices fall by an average of 0.9%

Used Vehicle Price Index Increases

Index rises 1.2 points to 118.2

New Vehicle Sales Increase

Sales grow 5.4%, new vehicle SAAR reaches 17.38

Incentive Spending Increases

Incentives grow for 39th straight month

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NADA Values

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NEW & USED MARKET UPDATE

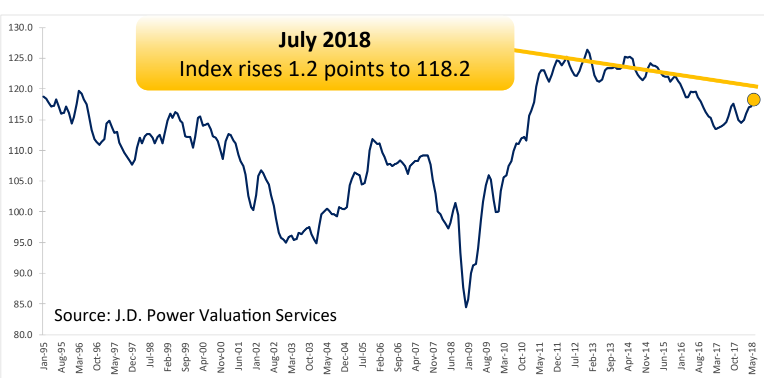
USED MARKET UPDATE

June was an especially strong month for the used vehicle market, therefore increasing the J.D. Power Valuation Services' Seasonally Adjusted Used Vehicle Price by 1.2 points—compared with May— to reach 118.2. June's above-average performance brought the index 4.1 points above June 2017, and 3.8 points above January 2018.

Historically over the past five years, June losses has averaged 2.2%, however, this June, wholesale prices of used vehicles up to eight years in age fell by 0.9%since May.

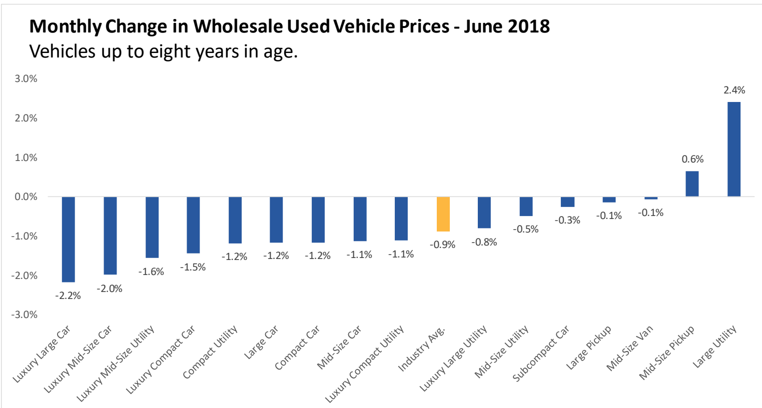
Losses at the segment level were less than historic norms across the board on both the Mainstream and Premium sides of the market. Midsize Pickups and Large Utilities segments returned the best performances for the month. Following the positive trend observed over the past several months, Midsize Pickup prices increased by 0.6%, despite the past five years' price movement for this segment being flat to down slightly. June's performance was the segment's best result since 2009.

After declining by 6.3% in May, Large Utility prices bounced back slightly in June. This was the first time in 2018 that prices for the segment increased and the group's best showing for the period since 2009. However, when looking at month-over-month price movement for this group, it's important to remember that the overall sample size is small compared to others so any material change in prices is amplified.



At the opposite end of the spectrum, Premium segments recorded some of the largest losses for the month. Large Premium Car and Midsize Premium Car prices each fell by over 2%, followed closely by Midsize Premium SUV and Compact Premium Car with losses of 1.6% and 1.5% respectively. However, losses observed in these segments were less than what's typically recorded for the period.

New & Used



AUCTION VOLUME TRENDS

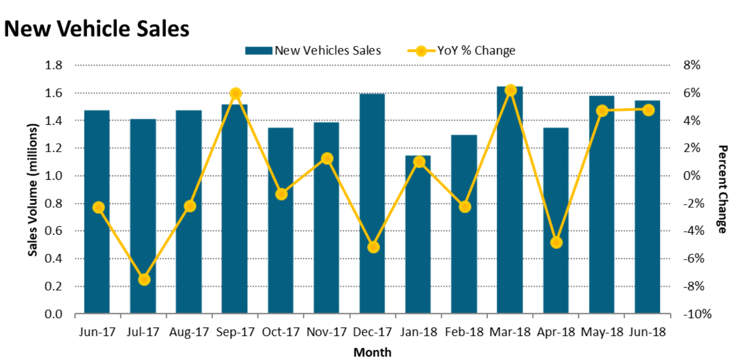
Auction volume for units up to five years in age declined by 16.3% compared to May, and was 2.8% lower than recorded in June 2017. As a result, year-to-date late-model volume now sits 2.3% above year-ago levels and continues to increase with each passing month.

At the segment level, some of the largest volume increases are still observed among SUV segments. Compact Premium SUV volume is up 53.3% and Large SUV volume is up 26.3%. In terms of volume share, cars reached 52.2% and trucks are at 47.8%.

Overall, we are anticipating a 6.5% increase in supply for vehicles up to 5 years in age this year, which is slightly less than the 6.6% increase recorded in 2017. We believe that most of this year's increase will be driven by a 14.2% increase in off-lease volume followed by an 8% increase in rental supply and 2.7% increase in regular retail purchase supply. Supply is expected to peak in 2019 before leveling off.

2018 FORECAST

For July, wholesale prices of vehicles up to 8 years in age are expected to decline by less than 1%. In terms of full-year expectations, with the exceptionally strong performances observed over the past few months, our forecast is improvement for the second month in a row. We expect used prices to increase by approximately 1% in 2018, up from the 0.8% we reported last month. Negative forecast factors hurting used vehicles continue to be incentives, an anticipated increase in used supply, worsening credit conditions and increasing gasoline prices. However, positive factors (e.g., favorable labor conditions, strengthening housing prices, long-term quality improvements) will outweigh the negatives.



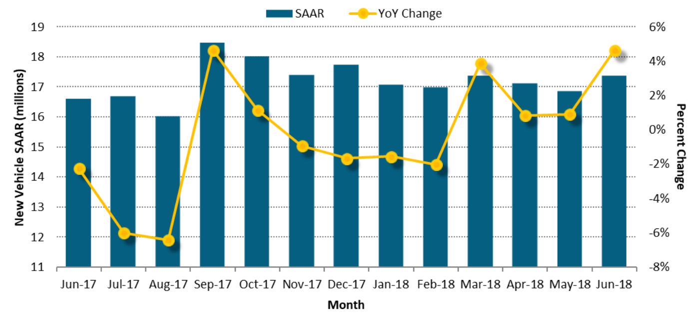
Source: WardsAuto

SALES ROSE AGAIN IN JUNE

After increasing by 5% in May, June's U.S. light-vehicle sales continued to rise. A robust economy and one additional selling day this year helped volume to surpass year-ago by almost 5%.

New & Used Market Trends [cont.]

New Vehicle SAAR



Source: WardsAuto

Mainstream Brand Performance (Units Sold)

	Jun-18	Jun-17	CYTD-18	CYTD-17	Y/Y Change	CYTD/CYTD
Buick	17,325	19,299	109,695	110,316	-10.2%	-0.6%
Chevrolet	176,261	169,605	1,018,086	967,884	3.9%	5.2%
Chrysler	13,484	19,741	88,630	102,095	-31.7%	-13.2%
Dodge	46,387	42,550	250,933	260,980	9.0%	-3.8%
Fiat	1,426	2,242	8,285	14,682	-36.4%	-43.6%
Ford	213,992	211,748	1,189,033	1,208,046	1.1%	-1.6%
GMC	49,197	41,434	269,507	263,175	18.7%	2.4%
Honda	132,031	125,755	715,171	718,015	5.0%	-0.4%
Hyundai	63,256	52,894	327,786	336,441	19.6%	-2.6%
Isuzu Truck	301	257	1,653	1,436	17.1%	15.1%
Jeep	86,989	73,153	495,022	406,291	18.9%	21.8%
Kia	56,571	56,143	293,563	295,736	0.8%	-0.7%
Mazda	26,893	22,342	163,924	141,624	20.4%	15.7%
Mini	4,146	4,410	22,636	22,205	-6.0%	1.9%
Mitsubishi	11,149	7,625	67,327	54,576	46.2%	23.4%
Mitsubishi Fuso	6	8	29	42	-25.0%	-31.0%
Nissan	134,398	131,057	708,525	740,545	2.5%	-4.3%
Ram	49,742	46,970	252,729	270,532	5.9%	-6.6%
Scion	1	8	2	174	-87.5%	-98.9%
Smart	126	226	650	1,983	-44.2%	-67.2%
Subaru	59,841	52,057	322,860	304,810	15.0%	5.9%
Toyota	185,851	177,973	1,054,310	1,021,231	4.4%	3.2%
Volkswagen	28,941	27,377	172,898	161,238	5.7%	7.2%

Source: WardsAuto

Luxury Brand Performance (Units Sold)

	Jun-18	Jun-17	CYTD-18	CYTD-17	Y/Y Change	CYTD/CYTD
Acura	14,532	14,038	72,653	73,871	3.5%	-1.6%
Alfa Romeo	2,249	1,017	12,265	3,719	121.1%	229.8%
Audi	19,471	19,416	107,942	102,971	0.3%	4.8%
BMW	29,407	28,962	153,386	149,086	1.5%	2.9%
Cadillac	12,569	12,580	75,949	72,073	-0.1%	5.4%
Genesis	796	1,613	7,262	9,919	-50.7%	-26.8%
Infiniti	10,698	12,271	72,170	79,143	-12.8%	-8.8%
Jaguar	2,353	2,946	14,787	20,665	-20.1%	-28.4%
Land Rover	6,982	5,760	44,779	35,839	21.2%	24.9%
Lexus	23,750	24,395	135,000	133,760	-2.6%	0.9%
Lincoln	9,534	9,275	50,269	56,337	2.8%	-10.8%
Mercedes-Benz	28,999	32,102	175,758	177,755	-9.7%	-1.1%
Porsche	4,892	4,516	29,421	27,568	8.3%	6.7%
Tesla	9,351	4,076	41,751	21,510	129.4%	94.1%
Volvo	9,868	7,303	47,622	34,105	35.1%	39.6%

Source: WardsAuto

June's result brought 2018's year-to-date tally to 8.574 million units, up 2% compared to the same period in 2017. The seasonally adjusted annual rate (SAAR) of 17.38 million was also above June 2017's 16.61 million.

The share of new light truck deliveries increased to 69% in June 2018 from 64% of the market in June 2017. Additionally, car sales remained weak, accounting for 31% of total new sales in June 2018 compared with 36% in June 2017.

JUNE NEW VEHICLE SALES

General Motors reported 255,352 new vehicle deliveries in the U.S market for the month, a 1.2% increase in Daily Sales Rate (DSR) compared with June 2017. Overall YTD volume is now up by 4.2% for all GM's associated brands. Chevrolet and GMC brands reported 0.1% and 14.3% increases in DSR, while Cadillac deliveries fell 3.8% and Buick sales dropped 13.6%.

Ford Motor Company reported a 2.6% decline in its DSR for the month of June, bringing the automaker's YTD tally down 2% compared with 2017. Ford brand deliveries fell 2.7% on a DSR basis compared with June 2017. However, F-Series sales grew 2% and reached more than 73,000.. Ford's luxury brand, Lincoln, also struggled in June, as deliveries decreased 1%.

Fiat Chrysler Automotive (FCA) reported an 3.9% DSR increase for the June 2018 period and reached 200,000 units. FCA's success was supported by strong performances of all brands except Chrysler and Fiat. Jeep sales jumped 14.5%, Alfa Romeo brand increased 113%, Ram posted a 2% increase and Dodge sales improved 5%. Fiat brand sales fell 38.8%, followed by a 34.2% decline at Chrysler.

Toyota posted another disappointing month: the automaker posted a 0.3% decline on a DSR basis, led by a 6.2% decline at Lexus. On the mainstream side of the

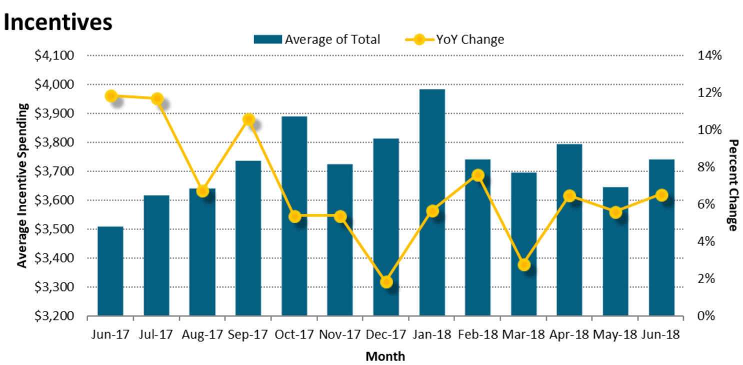
New & Used Market Trends [cont.]

market, Toyota brand deliveries slightly improved 0.6%. RAV4 sales increased 11% reaching 37,722 units, while sales of Camry slipped 4.2% to 28,000.

American Honda DSR sales increased 1%. Honda's light truck sales rose 7.9% to a June record of 78,483 offsetting a 6% dip in car demand. The mainstream Honda brand saw a 1.1% decrease in DSR deliveries and its luxury Acura brand posted a 0.3% decline in units sold.

Nissan North America's DSR declined 2.5% and reached 145,000 units. Mainstream Nissan volume decreased 1.2% and was down 16% at Infiniti.

JUNE'S INCENTIVES GROW BY 4.6%



Automakers grew incentive spending once again in June, making it the 39th consecutive month of increased spending. On average, according to Autodata, spending reached $3,784 per unit vs. $3,616 per unit in June 2017.

Among the U.S. Big Three, GM increased incentives 17% to an average of $5,196 per unit. Spending at Ford Motor Company grew 3% to $4,446 per unit, while FCA increased their incentives 3% to an average of $4,507 per unit.

As for import automakers, Toyota Motor Sales dropped incentives 15%, reaching an average of $2,266 per unit. American Honda decreased incentives 9% to $1,830, while Nissan North America decreased spending 1% to $4,041 per unit.

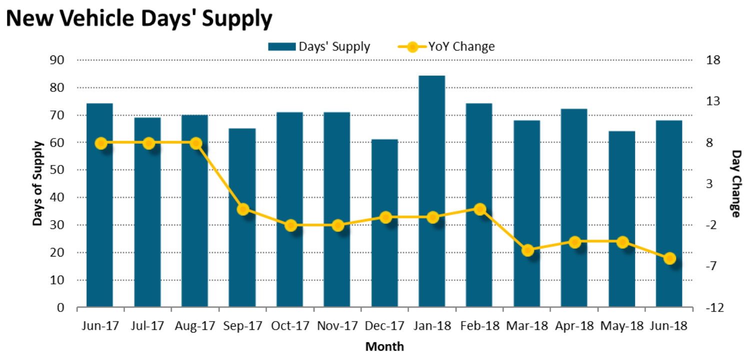
Luxury automaker BMW increased incentives 21% to an average of $5,835. Audi increased spending 53% to $4,640 per unit, while Mercedes-Benz boosted spending to $6,469.

At the mainstream brand level, Chrysler's $5,929 average incentive spend was the highest among non-luxury nameplates. Buick, Chevrolet, Chrysler, Ram and GMC each spent more than $5,000 per unit on incentives. At the other end of the spectrum, Honda spent only $1,476 per unit, down by 12% compared to the same period in 2017.

APRIL INVENTORY INCREASED TO 68 DAYS

Compared to May, days' supply increased by four days in June. The total supply level landed at 68 days for the period, compared with 74 days in June 2017, according to WardsAuto.

New & Used Market Trends [cont.]



Source: WardsAuto

General Motors' inventories increased to 86 days, up from 69 days in May. Ford Motor Company's supply went up five days to 78, while FCA's inventory increased 12 days to 82. Toyota Motor Sales' supply increased by four days to 64. Buick's 109 days of supply increased from 100 days in May. Inventory for American Honda Motor Co. increased five days to 74 and Nissan North America's supply decreased by six days, down to 51.

Subaru's 38 days of supply remained lowest on the mainstream side of the industry. As for luxury automakers, BMW's inventory fell to the lowest in the industry at 39 days (except Tesla's 3-day inventory).

ECONOMIC UPDATE

The Bureau of Economic Analysis (BEA) tertiary estimate for first quarter 2018 GDP growth has been revised to 2.0%, a downward revision of 0.2 from the earlier estimate. The downward revision reflected less consumer spending and less private inventory investment. The revised estimate also reflects an increase in nonresidential fixed investments such as intellectual property products, specifically research and development compared with the fourth quarter 2017 GDP growth rate of 2.9%. The deceleration in real GDP growth in the first quarter is reflected by decelerations in personal consumption expenditures and residential fixed investment. Imports, which are subtracted from GDP, also decelerated. Real GDP grew by an annual average of 2.6% in 2017, a marked increased from 1.8% growth during 2016. the BEA expects a similar growth trend to continue in 2018.

Employment

The unemployment rate edged up to 4.0% in June as employment grew in manufacturing, health care, mining and professional and business services. The U-6 unemployment rate which measures discouraged, part-time or underemployed workers in the economy, is up to 7.8% in June from 7.6% in May. The increase in the unemployment rate can be attributed to an increase in the amount of people entering the labor market.

Non-farm employment increased by 213,000 jobs in June which was a smaller increase in job growth following May's revised growth of 224,000 jobs. Employment continued to trend up in several industries including professional and business services, manufacturing and health care, while the retail sector experienced losses. The average monthly gain in jobs over the past 12 months stands at 218,000.

Wages

In June, average hourly earnings for all employees on private non-farm payrolls rose 5 cents from May to $26.98. Over the year, average hourly earnings have increased 72 cents or 2.7 percent. Hourly wages in nonfarm payrolls went from $26.93 to $26.98 and average weekly earnings increased $1.72 to $930.81 from $929.09. This is a marginal decrease in wage growth from May when weekly earnings increased by $2.42.

Housing

The National Association of Realtors reported existing home sales at a seasonally adjusted annual rate of approximately 5.43 million homes during the month of May. This was essentially in line with sales from April but a decrease of 3.0% from May of last year and have fallen year over year for three straight months. The median home price for existing home sales marginally increased to $264,800 in May, which was up 2.6% from April and up 4.9% from May of last year. Total housing inventory at the end of May climbed 2.78% to 1.85 million existing homes available for sale, but is still 6.09% lower than 2017 (1.97 million).

Energy, Oil, Gas

Energy prices decreased slightly in June, however high volatility was observed as global demand and geopolitical tensions caused crude oil prices to reach multi-year highs. U.S. gasoline prices rose to $2.89 per gallon in June from $2.90 in May. The year-over-year increase in gasoline prices was approximately $0.54 per gallon (18.69%) than the prior year.

Brent crude oil prices averaged $74 per barrel in June which reflects a decrease of $3 from the May average. EIA estimates that U.S. crude oil production averaged 10.9 million barrels per day (b/d) in June, up 100,000 b/d from the May level. EIA projects that U.S. crude oil production will average 10.8 million b/d in 2018, up from 9.4 million b/d in 2017, and will average 11.8 million b/d in 2019.

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.

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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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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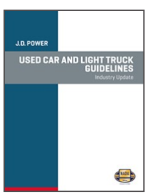
ADDITIONAL RESOURCES

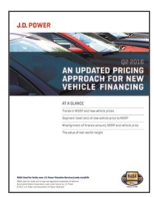


Guidelines

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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