J.D. POWER

USED CAR AND LIGHT TRUCK GUIDELINES

Industry Update

DECEMBER 2018

Wholesale Prices Decline in November
Prices down by an average of 3.5%

Used Vehicle Price Index Down
Index falls 1 point to 119.7

New Vehicle Sales Grow Slightly
Sales remain relatively flat, new vehicle SAAR reaches 17.4 million

Incentive Spending Declines Again
Incentives decrease for third time since April 2015

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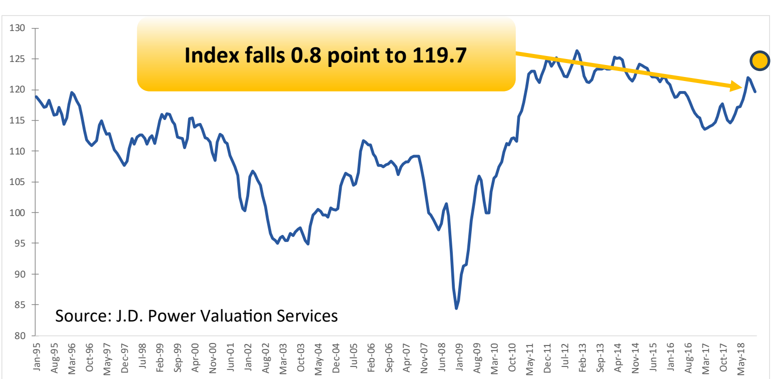
NEW & USED MARKET UPDATE

USED MARKET UPDATE

The used vehicle market slowed once again in November marking the third consecutive month of declines. As a result, the J.D. Power Valuation Services' Seasonally Adjusted Used Vehicle Price Index declined by 0.8 point – relative to October – to 119.7. While the used market is trending down this year from its high point in the summer, the index still remains at its highest level since early 2016 and is 3.6 points above November 2017's level. Year-to-date, prices are up by an average of 2.8% through November relative to the same period in 2017.

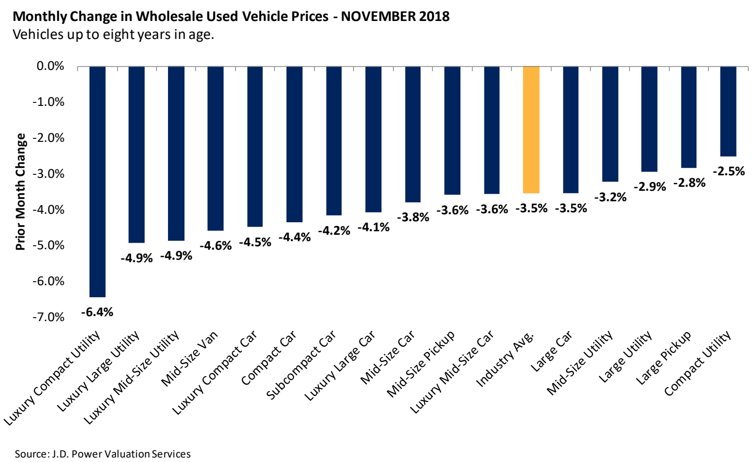
On the mainstream side of the market, prices this year have been supported by exceptionally strong performances of passenger cars. Compact car prices are expected to end the year around 9% above their position in 2017, while mid-size car prices are forecast to grow by around 7%. Mainstream SUV prices also expected to increase in 2018, however not nearly to the same level as their car counterparts. There are a few reasons for this; one of the primary drivers is the increase in used supply of these segments along with affordability, which favors more competitively priced passenger cars. With that said, compact utility prices are expected to end the year nearly 2% above 2017's level while mid-size utility prices are expected to increase by nearly 5%.

The premium side of the industry is not performing nearly as well. Prices are expected to be down for most segments, with some of the worst losses expected in the luxury mid-size car segment. which has seen steady year-over-year declines since 2012. Prices for this segment are expected to decline by over 7%.



In non-index terms, wholesale prices of used vehicles up to 8-years in age fell by 3.5% in November relative to October. November's performance was nearly

New & Used Market Trends [cont.]



identical to the period last year. However, going back even further the previous 5-year average for the period has been a lesser 2%.

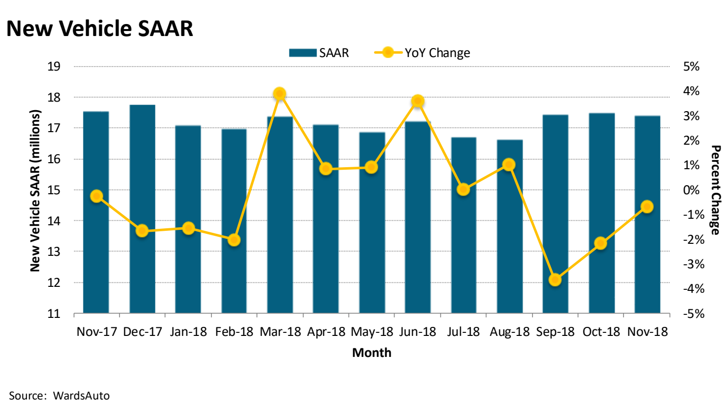
Losses at the segment level were mixed in November. On the mainstream side, passenger car losses accelerated while SUV and truck losses returned to being some of the leanest in the industry. The opposite was true for premium segments in November. Losses were the most severe for luxury SUV segments, however passenger car segments followed closely behind.

AUCTION VOLUME TRENDS

Auction volume for units up to five years in age declined by 16% compared to October and declined by 4% relative to November 2017. Month-over-month volume declined by double digits for all segments except for large utility. As a result, overall year-to-date late-model volume now sits 4.7% above year ago levels. The largest volume increases are still observed among SUV segments. Luxury compact utility volume is up 42% and large utility volume is now up 29%. In terms of volume share, truck share grew to 48.5%. Looking forward, used supply is expected to increase in 2018 relative to 2017 before peaking in 2019 and leveling off in subsequent years.

2018 FORECAST

For December, prices of vehicles up to 8 years in age are expected to decline by around 0.5%. In terms of full-year expectations, with the exceptionally strong performances observed over the summer months, used prices are forecast to increase by 3% in 2018 relative to 2017. Looking ahead to 2019, the used market is expected to slow with prices down by 1.2% relative to 2018.

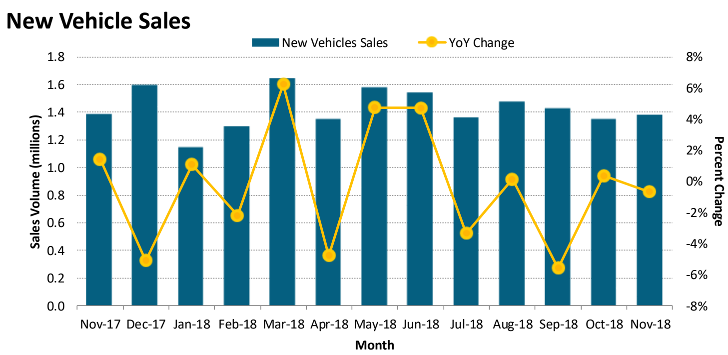


NEW VEHICLE SALES

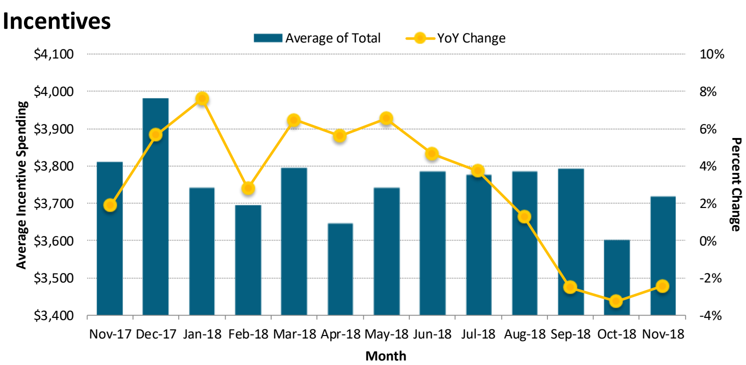
NEW SALES WERE STRONG IN NOVEMBER

After rebounding in October, the new vehicle market continued at a healthy pace in November. U.S. new vehicle sales finished with a seasonally adjusted annual rate (SAAR) of 17.40 million. The November

New & Used Market Trends [cont.]



Source: WardsAuto



Source: Autodata

SAAR was about 1% below November 2017's 17.52 million, and slightly below October 2018's 17.49 million.

NEW VEHICLE SALES

Overall, new vehicles edged up in December relative to the same period in 2017. November's result brought 2018's year-to-date tally to 15.59 million units, up 0.3% compared to the same period in 2017. Light-truck penetration increased from October's 69% to 71% in November. Total volume in November declined to 1.38 million units, or 0.7% below the same figure as a year ago on a DSR basis.

At the manufacturer and brand level, Fiat Chrysler recorded the strongest year-over-year results among the major automakers. Based on DSRs, Fiat's November sales increased 17.3% and its market share reached 13% increasing by percentage points, the strongest increase among the major automakers.

INCENTIVES DECLINED BY 2%

Automakers decreased incentive spending in November for the third time since April 2015. On average, according to Autodata, spending reached $3,718 per unit versus $3,811 per unit in November 2017.

Among the U.S. Big Three, GM decreased incentives by 3.9% in November to an average of $4,584 per unit. Spending at Ford Motor Company dropped by 7% to $4,358 per unit, while FCA incentive spend decreased by 4% to $4,370 per unit.

As for import automakers, Toyota Motor Sales dropped incentives by 8% in November, reaching an average of $2,572 per unit, while Nissan North America increased spending by 6% to $4,574 per unit and American Honda increased incentives by 5% to $2,041. Luxury automaker BMW decreased incentives by 1% to an average of $5,589 in November. Audi increased spending by 24% to $5,162 per unit, while Mercedes-Benz boosted spending by 26% to $6,526.

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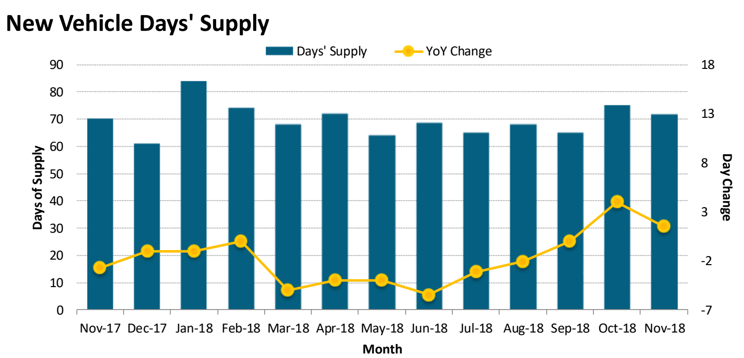
New & Used Market Trends [cont.]



Source: WardsAuto

Mainstream Brand Performance (Units Sold)

	Nov-18	Nov-17	CYTD-18	CYTD-17	Y/Y Change	CYTD/CYTD
Buick	16,623	17,974	189,204	196,946	-7.5%	-3.9%
Chevrolet	166,151	167,627	1,835,161	1,857,276	-0.9%	-1.2%
Chrysler	13,094	16,510	153,539	171,337	-20.7%	-10.4%
Dodge	33,196	28,845	426,796	419,111	15.1%	1.8%
Fiat	1,309	1,733	14,544	24,754	-24.5%	-41.2%
Ford	181,040	196,224	2,114,490	2,177,445	-7.7%	-2.9%
GMC	52,757	46,277	494,513	496,541	14.0%	-0.4%
Honda	106,481	120,440	1,307,553	1,352,572	-11.6%	-3.3%
Hyundai	57,082	55,435	602,527	603,315	3.0%	-0.1%
Isuzu Truck	415	340	3,726	3,398	22.1%	9.7%
Jeep	73,784	66,001	892,778	755,317	11.8%	18.2%
Kia	45,101	44,302	542,245	546,629	1.8%	-0.8%
Mazda	20,660	21,469	274,455	262,577	-3.8%	4.5%
Mini	3,528	4,038	40,887	42,494	-12.6%	-3.8%
Mitsubishi	7,688	8,609	109,088	95,185	-10.7%	14.6%
Mitsubishi Fuso	3	4	42	88	-25.0%	-52.3%
Nissan	96,427	122,959	1,213,942	1,318,202	-21.6%	-7.9%
Ram	56,758	39,017	514,945	491,416	45.5%	4.8%
Scion	0	0	3	199	#DIV/0!	-98.5%
Smart	100	130	1,154	2,905	-23.1%	-60.3%
Subaru	56,782	51,721	615,594	584,614	9.8%	5.3%
Toyota	163,977	164,499	1,942,973	1,941,660	-0.3%	0.1%
Volkswagen	26,789	29,207	322,017	309,395	-8.3%	4.1%

Source: WardsAuto

Luxury Brand Performance (Units Sold)

	Nov-18	Nov-17	CYTD-18	CYTD-17	Y/Y Change	CYTD/CYTD
Acura	14,053	12,716	142,160	139,540	10.5%	1.9%
Alfa Romeo	1,957	1,440	21,854	9,997	35.9%	118.6%
Audi	17,082	19,195	200,558	199,534	-11.0%	0.5%
BMW	28,330	28,049	276,657	271,432	1.0%	1.9%
Cadillac	13,185	13,359	139,538	141,136	-1.3%	-1.1%
Genesis	417	1,776	9,698	18,646	-76.5%	-48.0%
Infiniti	14,086	13,026	131,215	137,036	8.1%	-4.2%
Jaguar	3,197	3,061	27,021	36,180	4.4%	-25.3%
Land Rover	8,547	6,801	81,526	66,759	25.7%	22.1%
Lexus	26,446	27,118	262,786	269,671	-2.5%	-2.6%
Lincoln	9,207	8,909	92,061	100,540	3.3%	-8.4%
Mercedes-Benz	32,879	34,112	318,012	332,990	-3.6%	-4.5%
Porsche	5,673	5,555	53,116	51,507	2.1%	3.1%
Tesla	16,843	2,863	128,820	40,169	488.3%	220.7%
Volvo	8,181	7,854	89,437	71,825	4.2%	24.5%

Source: WardsAuto

At the mainstream brand level, Chrysler's $5,355 average incentive spend was the highest among the non-luxury brands. At the other end of the spectrum, Subaru spent only $1,146 per unit, down 8% compared to the same period in 2017.

SEPTEMBER INVENTORY UP TO 72 DAYS

Total supply level increased to 72 days for the period, compared to 70 days in November 2017, according to WardsAuto. Compared to October, days' supply went down by 3 days in November.

General Motors' inventory stayed at 83 days, the same as in November 2017. Ford Motor Company's supply stretched by 7 days to 85, while FCA's inventory increased by 7 days to 95 days. On the import side, Toyota Motor Sales' supply stayed at 59 days. Inventory for American Honda Motors increased by 18 days to 77 days, while Nissan North America's supply increased by 6 days to reach 66 days.

Subaru's 28 days of supply remained lowest on the mainstream side of the industry. As for luxury automakers, Tesla's 3-day inventory was the lowest on the premium side of the market.

ECONOMIC UPDATE

The Bureau of Economic Analysis (BEA) second estimate for third quarter 2018 GDP growth is 3.5%. This estimate was unrevised compared to the advanced estimate from the prior month. The increase in GDP reflected an increase in personal consumption expenditures (PCE), private inventory investment, federal government spending, and state and local government spending. These increases were partly offset by negative contributions from exports and residential fixed investment. The third quarter GDP growth is slower compared to the second quarter 2018 GDP growth rate of 4.2%. Real GDP grew by an annual average of 2.6% in 2017, a marked increased from 1.8% growth during 2016.

Employment

The unemployment rate remained unchanged 3.7% in November and the number of unemployed individuals remained the essentially unchanged at 6.0 million. Employment grew in transportation and warehousing, health care, and manufacturing. The U-6 unemployment rate which measures discouraged, part-time, or underemployed workers in the economy, is at 7.6% for the month of November which is slightly higher from 7.4% in October.

Non-farm employment increased by 155,000 jobs in November which was a decrease following October's growth of 250,000 jobs. Employment continued to trend up in several industries including manufacturing, transportation, and health care while the wholesale and retail trade, information, and financial activities remained stagnant. The average monthly gain in jobs over the past 12 months stands at 209,000.

Wages

In November, average hourly earnings for all employees on private non-farm payrolls rose by 6 cents to $27.35. Over the year, average hourly earnings have increased by 81 cents, or 3.1 percent. Hourly wages in nonfarm payrolls went from $27.25 to $27.30 and average weekly earnings decreased by $0.67 from $941.51 to $940.84 compared to October.

Housing

The National Association of Realtors reported existing home sales at a seasonally adjusted annual rate of approximately 5.22 million homes during the month of October. This illustrated an increase of 1.4% from September and a decrease of 5.1% from October of last year. The median home price for existing home sales decreased to $255,400 in October however, it is still up 3.8% from a year ago. Existing home inventory for October is at 1.85M, down from 1.88M last month and up from 1.80M one year ago. This reflects a decrease of 1.60% from last month and an increase of 2.78% last October.

Energy, Oil, Gas

Energy prices reached a bear market in November. Many factors contributed to the sudden and unexpected sharp selloff, including surging production and Iran sanctions, which were not as stringent as once thought. U.S. gasoline prices averaged $2.64 per gallon in November, a decrease of 22 cents/gal as compared to October. The year-over-year increase in gasoline prices was approximately $0.08 per gallon (3.0%) higher than the prior year.

Brent crude oil prices averaged $65 per barrel in November which is a decrease of almost $16 from the October average. November saw the largest monthly average price decline since December 2014. EIA estimates that U.S. crude oil production averaged 11.5 million barrels per day (b/d) in November, up slightly from the October level due to platforms resuming normal operations after hurricane related outages in the Gulf of Mexico. EIA projects that U.S. crude oil production will average 10.9 million b/d in 2018, up from 9.4 million b/d in 2017, and will average 12.1 million b/d in 2019.

AT J.D. POWER VALUATION SERVICES (FORMERLY NADA USED CAR GUIDE)

What's New

NADA Values Online Now Features the VIN Based Option

You already use NADA Values Online to see all sides of every vehicle's story. Now you can gain even greater insight with our new VIN Based Option feature, which provides a precise, uniquely adjusted valuation for specific used cars and light-duty trucks. The VIN Based Option utilizes packaging, content and descriptive features specific to each 17-character VIN, rather than just the 11-character VIN, to enhance and customize a vehicle's valuation. This way, you can understand the valuable differences between two identical-seeming vehicles of the same year, make and model. Rely on the new VIN Based Option to:

- Reveal valuable vehicle equipment, trim and options
- Increase valuation accuracy and reduce risk
- Make more-informed business decisions

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

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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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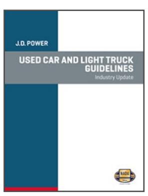
ADDITIONAL RESOURCES

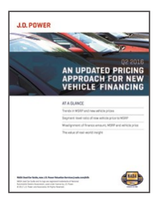


Guidelines

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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