

THE TRUCK BLUE BOOK® Commercial Truck Monthly Report

September 2014 in Review | Released October 2014

Contents

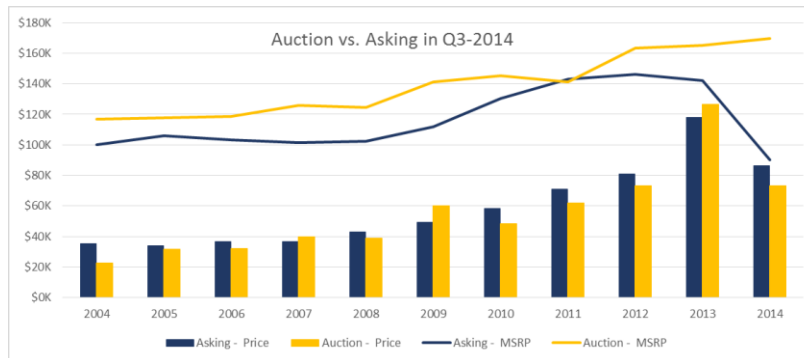
- September at a Glance
- Regional Trends
- Age Trends
- Heavy Duty
 - Prices, Top Models
 - Prices, Top Makes
 - Age Analysis
- Medium Duty
 - Prices, Top Models
 - Prices, Top Makes
 - Age Analysis

During September, prices were falling for only the heavy duty trucks on the private sector. Auction prices for heavy duty trucks were up significantly after the drop in August and medium duty trucks saw significant price increases on the public market. Q3 ended above Q2 in for the medium duty private market with heavy duty private sales seeing a 2.5% price decrease for the quarter.

- Overall auction volume was on the rise driven heavily by the class 7 and 8 truck increase.
- The average age of medium duty trucks on the auction market is 10.2, which is much different than the 4.7 years resale trucks averaged this month.
- During September, the youngest trucks on average on the resale market were Volvo trucks.

September at a Glance

At the end of Q3, auction prices were up from Q2 for heavy duty trucks, but down for medium. Prices were only slightly down on the medium duty private market, but a larger drop was seen on heavy. Volume in Q3 was up significantly for the private market and relatively stagnant for heavy duty auction sales.



There was a slight drop in volume during Q3 for medium duty auction truck sales.

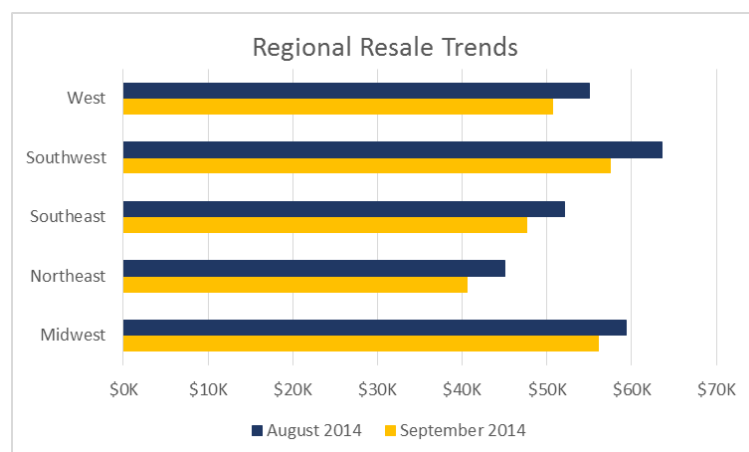
Despite the large increase in heavy duty asking prices during August, the drop in September landed Q3 2.5% below Q2. Heavy duty asking prices were the only group that saw a decrease in price during September. September brought about a 6.3% dip in price on the private selling market while prices were up 26% on the auction market.

The decline in the private market was a result of a 6.3% decrease on heavy duty trucks with a 7.5% volume increase and a 0.8% drop in medium duty prices with volume jumping significantly. Despite the minimal change on medium duty, the decrease on heavy duty caused the overall average price for the private market to drop 8% due to the heavy duty trucks holding 76% of the current market place. While volume on the heavy duty market was up from August, the medium duty market had an even stronger month in sales. When focusing on commercial trucks between years 2004-2014 within the US less than 1 million miles, the average asking prices decreased between August and September bringing heavy duty back down closer to July prices.

Volume for medium duty markets overall this past month has shown another positive change. There were increases during August that continued into September. The private market saw another large increase bringing Q3 medium duty volume higher than it has been since Q1. The number of heavy duty trucks on the private market was up during September, but not enough to compensate for the drop last month. April and May saw the lowest heavy duty volume this year with a much stronger trend so far in the second half of 2014. If Q4 2014 trends hold close to 2013, there is anticipation of these large numbers staying until the end of the year.

Regional Trends

Prices decreased in almost all regions on the private marketing during September in comparison to August. The Northeast had the largest decrease in September at 10% and also the largest increase in volume among the five regions. The Southwest region is the highest priced even though it saw the second largest drop in price during September. The Midwest saw a large increase during August that did



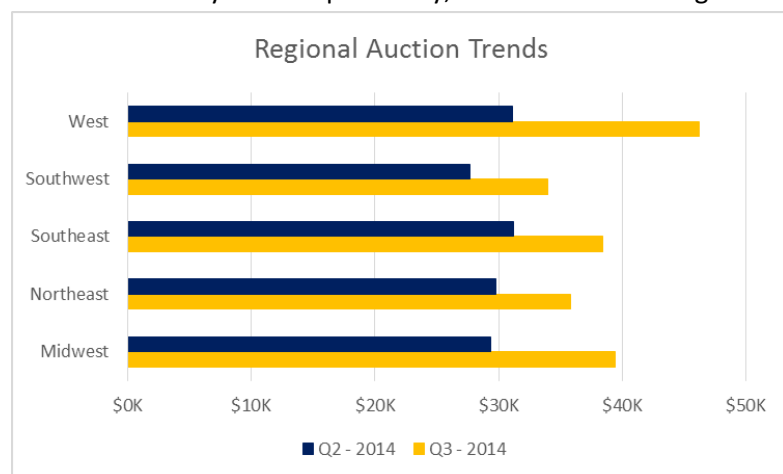
not continue into September even though they saw the smallest drop in price while the Southwest's large increase was followed by a 9.6% drop. The West fell 8% during this past month remaining in the middle of the price range among the regions. The average decrease among the five regions was 8.3% as the Southeast, Southwest, and West saw close to the same changes.

Volume was up during September on

the medium and heavy duty private market as a whole since both size groups saw increases. The percentage of heavy duty trucks on the used market hold a larger weight than the medium, so despite the minimal percentage increase in medium duty, the overall volume increase was not as high. The region with the largest volume increase was the Northeast followed by the Southeast. In August, the Northeast had the largest drop in volume on heavy duty trucks but compensated during September. The only region with a volume decrease was the West with numbers only slightly below the previous month. Despite the large volume increases across all five regions for medium duty trucks, most of the regions saw increases in price as well including the Midwest with the largest rise.

Heavy duty asking price changes from August to September within the West were down only 1.8% as the smallest decrease among the regions this past month. The largest price change was in the Southeast up 8%. While the West saw the smallest decrease in pricing on heavy trucks during September, it also saw the only decrease in volume. The West had the smallest number of trucks on the private market during September out of the five regions. The Northeast not only saw the second largest decrease in price last month, but also the largest increase in volume. Despite large changes in both the Northeast and Southeast, the Southwest remains the highest volume region for heavy duty trucks by far.

Activity on the auction market was up for all regions during Q3 as volume was on the rise the past 3 months. Not only was the volume up, but prices were up significantly as well. After a dip in auction prices over the past few months, September made up for the loss with a rise in prices for both heavy and medium duty. More specifically, the West saw the highest average price increase continuing to be



the highest priced region. Looking specifically at the heavy duty trucks at auction, both prices and volume were up in Q3. The Southwest dominated the other regions holding 45% of the overall heavy duty auction market within the one region. Prior to September, prices were down for heavy duty in Q3 when comparing to Q2 for both the Midwest and West. The large increase in volume caused

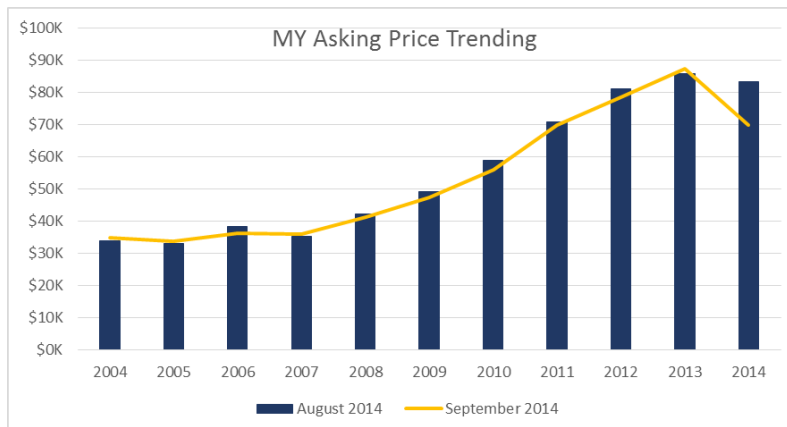
September to weigh heavy on the average and brought prices up. On medium duty trucks, the Southeast and West saw the only price dips while the West saw the only volume drop. The Southwest saw the largest volume increase in Q3 for medium trucks. The Midwest and Northeast saw identical percentage increases in average prices for Q3 on medium trucks. The highest price region at auction was the Southwest with the Midwest only slightly lower. A pick up in auction volume is to be expected for Q4 if it holds true to last year's trends.

Model Year Trends

Overall prices were relatively stagnant between August and September for medium duty used trucks on the private market, but down for heavy duty. Due to the drop in prices during the past month, Q3 heavy duty asking prices averaged 2.5% below those of Q2. The model year with the largest decrease between both heavy and medium duty was the 2014. This was expected since these are now entering the used market with more mileage and at a higher volume than before. The 2013's saw a small increase followed by a decrease in years 2012-2009. A few of the older model years saw increases such as the 2004 and 2005 models. The largest increase among the models was for the 2004's. Heavy duty trucks alone saw more of a price increase on individual model years. Both 2013 and 2014 models saw increases over 1%. The largest heavy duty price increase was for the 2008 model. Most of the overall

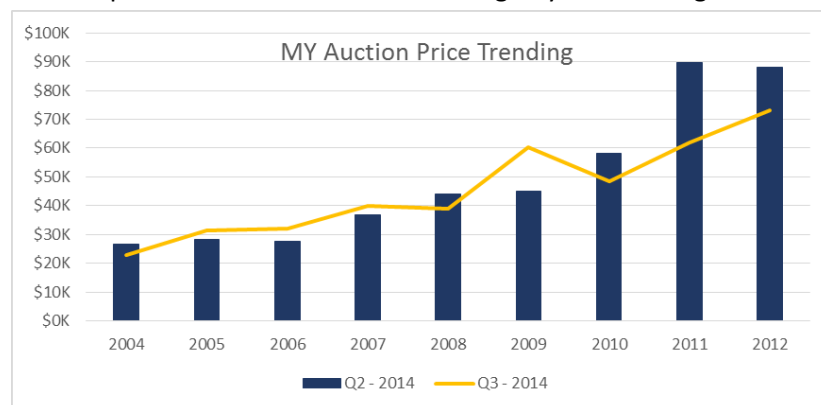
MY price drop was due to the medium duty trucks. As most of the medium duty trucks dropped in price by individual model year they were still able to balance to a minimal overall drop, which is due to the increases in volume.

Most of the medium duty volume increase was within the newer model years, driving the overall average up despite price drop. The overall volume for the used private selling market was up with a few reductions for model years. The largest drop was on the 2013 models followed by reductions in



2011 and 2010's. The remaining model years all saw increases with the number of 2007's nearly doubling. Looking at heavy duty trucks alone, there was a drop in both 2013 and 2014 models with increases in the older years such as 2007-2004. This had a large impact on the overall drop in price for the heavy duty private market average for September. As a larger amount of older models enter the market and less of the new models are remaining for sale the average prices are driven much more heavily on these older, lower priced models. 82% of the heavy duty used trucks fall between years 2012 and 2007, which is not much lower than what was seen in August but the 2006-2004 models are up 5% in overall volume within the market.

Auction prices were up during September for both medium and heavy duty trucks after a drop in heavy duty during August. In comparison to Q2, the prices in Q3 ended higher for heavy duty trucks but much lower on the medium duty side. The rise in medium duty prices during both August and September did not compensate for the low values during July. The strong numbers in April held most of Q2 up even



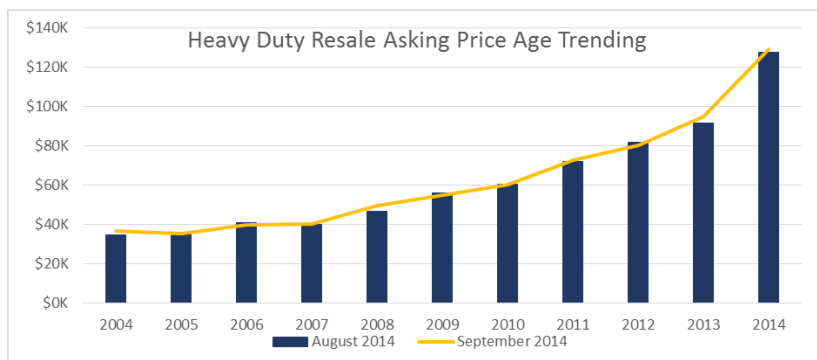
though May was a slow month. On the heavy duty side, September had the strongest values during Q3. The model year with the largest drop in price was for the 2011's followed by 2012's. The highest increase was for the 2009's on the overall used truck auction market. Heavy duty specifically saw drops for years

2012-2010 and increases for many of the older models such as 2007-2005. Medium duty saw the largest increase in 2012's with most of the remaining prices dropping for model years with the exception of the 2005's. All of the newer model years (2012-2008) showed large volume increases at auction during Q3 while the older years are starting to decrease. This trend should continue into Q4 as more of the younger models enter the auction market.

Heavy Duty Trends

Q3 began with higher volume than Q2 did and ended with an overall quarter average higher than Q2.

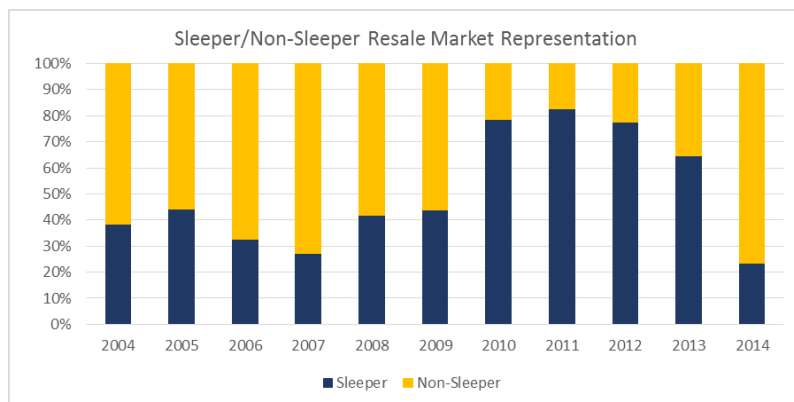
Volume slowed down a bit in August, but picked back up in September on both the private and public heavy duty markets. Prices on the private market were down 6.3% in September, but up 26% at



auction. Auction values have more months over month fluctuation than the private market due to the inconsistent flow of truck types each month. The August drop in advertised pricing did not bring values as low as July since August saw such a large increase. The remainder of Q3 saw a more consistent

increase in volume to go with the price changes. Q3 prices on the private market were down 2.5% from Q2 while auction prices were up 2.3%. Prices on the 2008 models saw the largest price increase followed by the 2004's. One of the largest decreases in price was on the 2012 models after a stagnant August. During August, the 2008 models dropped 3.9%, but during September they were up 6.1%. As already noted, 2004 models saw one the largest increases for this month after falling 4.8% during August. The overall volume for heavy duty trucks saw 9.5% increase including both private and public markets. This was due in large part to the increases in 2007 and 2005 models. With the drop in younger trucks this past month, the average overall prices were driven down.

During August, model years 2008-2004 held 33% of the heavy duty used truck market volume while 41% of the market fell within those model years during September. This is much closer to the percentages that were seen during July. The 2014 and 2013 models saw the largest volume decrease for heavy

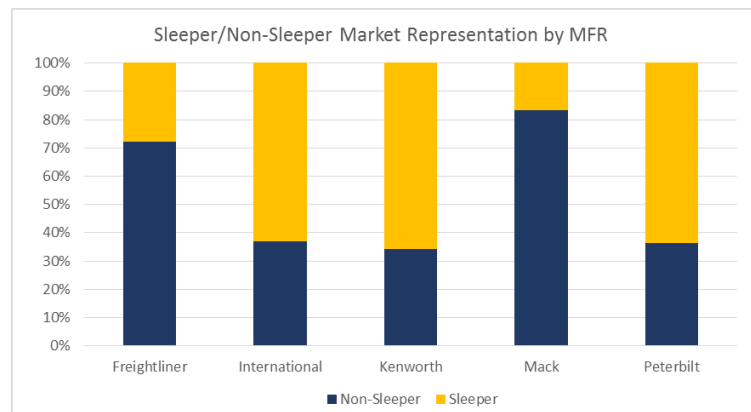


trucks between both private and public selling markets. This caused a shift in average age bringing the average age for heavy trucks on the resale market back 0.4 years while on the auction market the average age dropped 0.4 years. During September, the average age of a privately sold truck was 5.5 years and at auction the average age for a heavy truck was 9.8 years.

On average, prices on the sleeper trucks dropped more than the non-sleepers during September. During August prices for non-sleepers saw a larger increase than sleepers. This means that by September the gap between average sleeper prices and non-sleepers grew smaller. The largest price

change on sleeper trucks was for the 2004 models with a large increase and the 2014's saw the largest decrease. The largest increase in price for non-sleepers was the 2008 models and the largest decrease was a 5% drop on 2006 models.

As volume increased on heavy duty trucks during September, the number of older models grew the most. There was a large increase in 2004 sleeper truck numbers and the 2014 volume drop hit the sleeper trucks harder than non-sleepers. 76% of the 2014 models are non-sleepers since people will tend to get more use out of sleeper tractors before selling on the used market. The lowest non-sleeper



to sleeper percentage is on the 2011's as 83% of these trucks are sleeper models. There is a large drop in the number of sleepers to non-sleepers between model years 2010 and 2009. 79% of the 2010's are sleepers, but only 44% of 2009's are sleepers. There is a clear shift in volume at this age as the trend continues back to 2004 models. In terms of manufacturer trends, Kenworth has the most non-

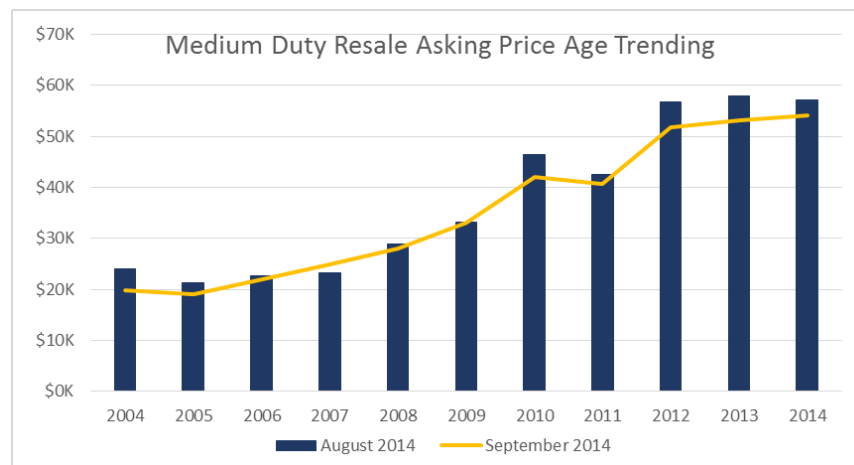
sleepers on the used market for models between 2014 and 2004. Mack has the largest percentage of non-sleepers versus sleepers of the primary heavy duty manufacturers selling. There is also significantly more non-sleeper Freightliners on the market than sleepers. The most dominant trucks on the sleeper market appear to be the Kenworth trucks.

With an overall drop in asking prices for heavy duty trucks, each of the top manufacturers saw price decreases. The largest decrease was for International at 9.6% after a large increase during August. Even though there was this price drop, they remain higher than July values. The smallest increase for August was on Kenworth trucks with a 3.0% increase. During September, they saw the smallest change again at a 4.4% drop, identical to the Mack change. Both Freightliner and Peterbilt saw 5.6% decreases, which was not enough to drop September values for Freightliner back to July numbers. In terms of volume, overall heavy duty volume was up, but Freightliner saw a 1.8% decrease. The largest increase was on the Mack trucks followed by large increases in both International and Kenworth. Peterbilt only increased 1% in volume during September.

Top 5 Heavy Duty Manufacturer Resale Prices			
	August 2014	September 2014	Difference
Freightliner	\$46,585	\$43,981	-5.6%
International	\$56,794	\$51,317	-9.6%
Kenworth	\$69,424	\$66,369	-4.4%
Mack	\$66,241	\$63,324	-4.4%
Peterbilt	\$65,768	\$62,087	-5.6%

Medium Duty Trends

The medium duty market saw a 0.8% decrease on the private market sale prices with a 22.7% increase in prices at auction throughout September. There were advertised price decreases for most of the



model years, but there were enough increases to keep the overall change to a minimum. During August the 2013 values were almost identical to 2014, but with the decrease in values during September the 2014's are now larger. The 2009 models saw no month over month change and the 2007's saw a 7.7% increase. During August the 2006 and 2007

models were almost identical in pricing, but as the 2007's were on the rise and 2006's fell 3.8% the 2007 models are now 14% higher than the 2006 models.

Among the top four most popular class 4-6 trucks on the private resale market, the largest decrease in price was on the Hino for the third month in a row. During August Hino saw a 7.2% decrease and September brought on another 5.8% drop. During September Dodge also saw a decrease in price at 2.4%. In August, Ford dropped 4.6% and September brought about a 4.3% increase almost fully compensating for that drop. The highest volume among these trucks was on the International as usual. Even though International saw a 4.1% increase in pricing, there was a 46% increase in volume. Dodge had the smallest volume during September after a decrease from August. During August, Ford had fewer trucks than Dodge on the medium duty used market, but the large increase in Ford and the drop in Dodge reversed the trend. Medium duty trucks saw a bit of a change in September ending Q3 with much higher volume and only slightly lower values. Volume was not as high during September 2014 as it was in September 2013 though.

Top 4 Medium Duty Manufacturer Resale Prices			
	August 2014	September 2014	Difference
Dodge	\$54,904	\$53,581	-2.4%
Ford	\$36,539	\$38,106	4.3%
Hino	\$35,206	\$33,167	-5.8%
International	\$31,645	\$32,952	4.1%

Model Year Pricing Trends

Monthly Change in Trucks

August 2014 vs September 2014

	2008MY	2009MY	2010MY	2011MY	2012MY	2013MY
Heavy Non-Sleeper	11.4%	-0.8%	4.0%	4.0%	-2.7%	1.9%
Heavy Sleeper	-3.4%	-3.3%	-2.3%	0.1%	-4.3%	4.2%
Medium	-3.0%	-0.1%	-9.1%	-4.9%	-8.4%	-8.3%
Light	-50.7%	-57.9%	3.8%	-6.9%	-19.0%	-16.1%

YTD Change in Trucks

January 2014 - September 2014

	2008MY	2009MY	2010MY	2011MY	2012MY	2013MY
Heavy Non-Sleeper	-12.6%	-3.3%	-7.9%	-5.9%	-21.1%	-19.2%
Heavy Sleeper	-1.4%	-2.4%	-3.6%	-3.9%	-4.2%	-24.1%
Medium	4.4%	6.1%	2.4%	-11.0%	-2.9%	-0.8%
Light	-66.4%	-52.9%	-42.7%	-29.8%	-37.3%	-23.5%

YOY Change in Trucks

September 2013 - September 2014

	2008MY	2009MY	2010MY	2011MY	2012MY
Heavy Non-Sleeper	-14.9%	-6.1%	-7.5%	-11.0%	-29.7%
Heavy Sleeper	-3.7%	-3.5%	-5.3%	-7.7%	-14.8%
Medium	4.3%	3.0%	4.2%	-12.8%	1.8%
Light	-50.8%	-33.5%	13.3%	-26.0%	-37.3%