The Truck Blue Book®

Commercial Truck Monthly Report

July 2014 in Review | Released August 2014

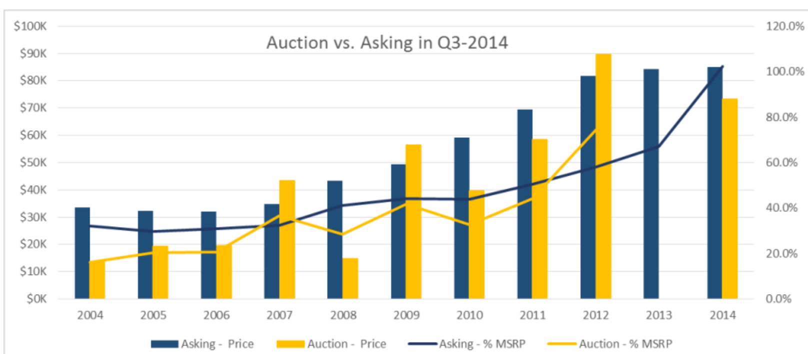
Contents

Prices continued to rise on the medium duty market during July after the June increases. The heavy duty private market saw increases after slight decreases in June and larger drops in May. July started Q3 off with prices closer to the way Q2 started before the May and June dips for heavy duty. July brought on a price increase of 2.8% on the private selling market while auction sales were only up 1.5% starting off Q3 above where Q2 left off.

- July brought average Medium duty prices up higher than any other month during 2014.
- July volume is still low for the used truck market, but there are not any troubling drops this month.
- Average prices for the first month of Q3 are showing higher than Q3 of 2013 for both medium and heavy duty private markets.

July at a Glance

Heading into Q3, prices remain higher than Q1 and Q2 on almost all of the 4 used truck markets. July has started off Q3 with solid increases on the private sector for both medium and heavy duty prices. Large increases also occurred at auction



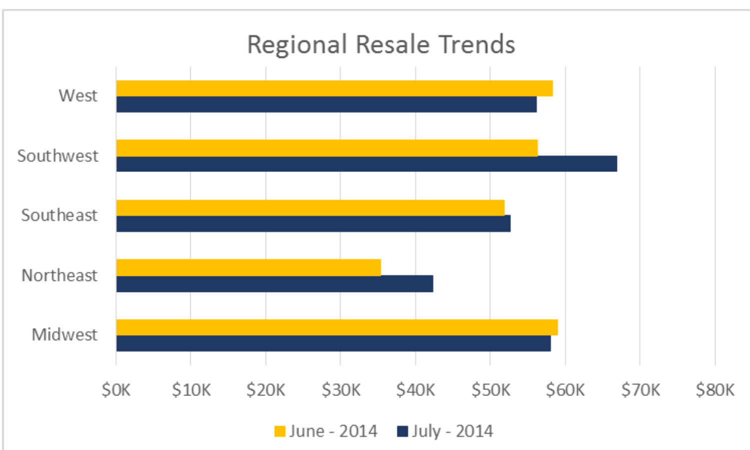
for medium duty trucks. The heavy duty auction prices fell, but given the large June increases on this market, this did not drop prices lower than most of the remaining months so far this year. Medium duty saw a small increase on the private market of 0.8% while the public market was up over 40% in comparison to June. The volume on the auction market is still low for both heavy and medium duty, but remained relatively static between June and July.

When focusing on commercial trucks between model years 2004-2014 within the US under 1 million miles, the average asking prices increased between June and July and are the highest seen since April. Heavy duty asking prices during July came out 3% above June. Prices remained flat on the heavy duty private market in the past two months, but are beginning to rise back up to April prices and are higher than Q1. Medium duty asking prices had a 0.8% increase starting Q3 with average prices 8% above Q2 averages. As always, the auction market had more price fluctuations month over month in comparison to the private market. Heavy duty auction prices were down 12% between June and July. May saw the lowest auction prices throughout the first half of 2014 and June brought on increases for both heavy and medium duty trucks. Even though heavy duty trucks fell in price on auction during July prices remain the third highest month this year and medium duty saw some of the highest prices all year.

Volume remained relatively static on the auction market between June and July for both heavy and medium duty markets. The number of used trucks sold on the public market slowed during the summer months, but will hopefully pick up in the third quarter and into the winter months as new truck sales begin to slow. Volume is only slightly lower on the private market for heavy and medium duty trucks still remaining higher than May's low. With the number of new trucks ordered in the past few months, the used truck market has not caught up yet in sales.

Regional Trends

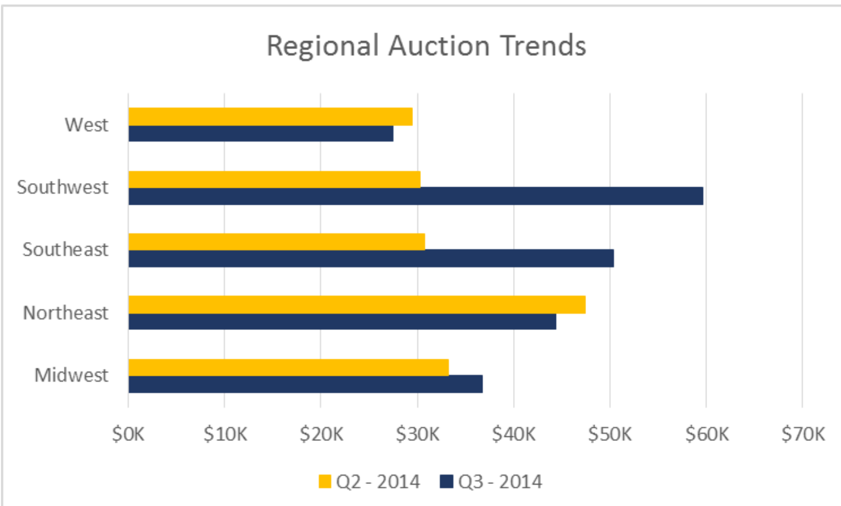
Prices increased in most regions on the private market during July in comparison to June with the decreases in the Midwest and West. The Northeast had the largest drop in June and a significant decrease in May, but made up for it with the highest increase during July at 19.7%.The West is no longer the highest priced region for the heavy and medium duty used trucks. After the drop in July, West has fallen below both the Midwest and Southwest in highest average asking prices. The Southwest had an 18.7% increase during July landing it as the highest average priced region.



Volume was up for all five regions and the Southwest again had the highest volume increase despite being the highest priced region. The increase in higher priced trucks on the market has in turn raised the prices. As previously stated, both heavy and medium duty asking prices were up for July clearly driven by the large increases in the Northeast and Southwest. The majority of the volume during July sat within the Midwest and Southeast. Since the Midwest saw a decrease in prices of 1.6%, it was able to bring the large increases from the Northeast and Southwest down to the overall 2.8% month over month change.

Medium duty asking price changes from June to July were small especially in comparison to the previous month change. Heavy duty prices went up even more highly driven by both the Northeast and Southwest regions at 23% and 18% respectively. The remaining three regions saw small decreases ranging between 0.7%-4.4%. The Midwest had the largest number of heavy duty trucks and the price decreases within this region lowered the overall change in July to the 3%. Medium duty changes were not as drastic with changes ranging from a 10% decrease to an 11% increase. This allowed for the 0.8% overall change.

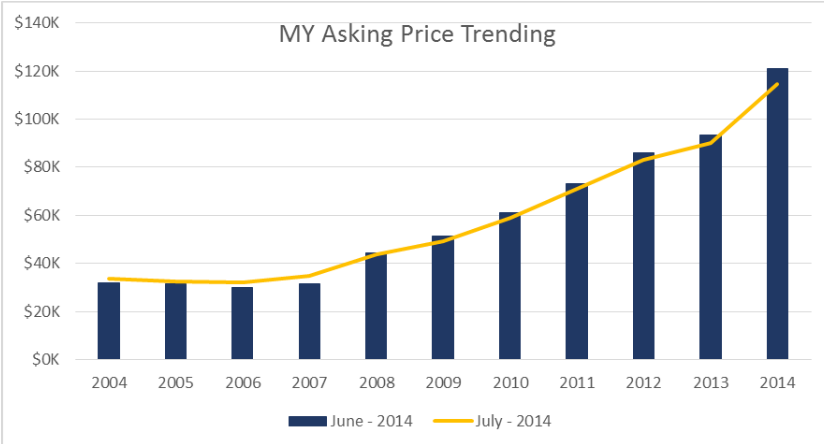
Activity on the auction market was limited as usual during July for both heavy and medium duty trucks as the summer lull drags on. Prices began to increase for the Midwest and drastic changes occurred in the Southwest and Southeast. This was primarily driven by the number of heavy trucks available on the auction market during July in comparison to the number of medium. As the majority of used trucks sold in all five regions during July was heavy duty this drove average prices up in comparison to Q2 averages. The highest price drop during July starting off Q3 was in the West, which is the same region that saw the highest drop in Q2. The drop in price during July for the West was due to the large weight that the heavy duty prices held over medium duty. The auction market was highly driven by the heavy duty market as the majority of its volume was from trucks size classes 7 and 8. As the new truck sales are slowing and trade-ins will in turn decrease, there is hope that the auction market will pick back up towards the end of the year as Q3 was strong for 2013.



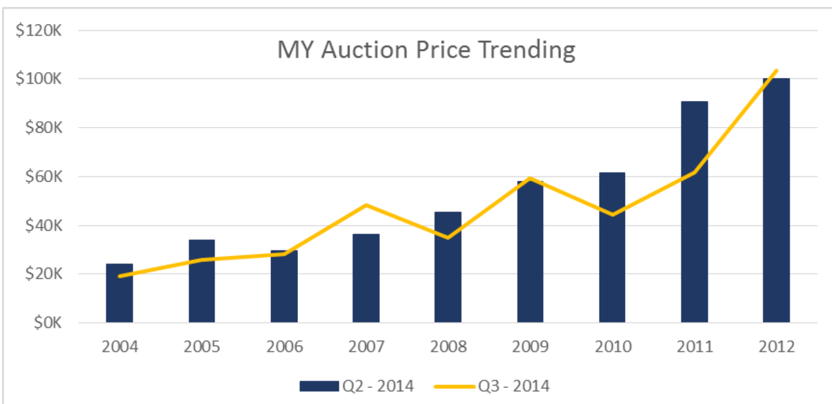
Model Year Trends

Overall prices were up between June and July for both heavy and medium duty private market trucks. However, comparing Q2 to the start of Q3 asking prices are down. The July price increases are due to the increases in used trucks between 2004 and 2007. These MYs had an average increase of 6.5% during July while the remaining years saw decreases ranging between 5.4% for 2014's and 2% for 2008's. Looking specifically at heavy duty trucks, 2014's remained static between June and July while 2013's saw the largest decrease at 5%. The largest two increases were on 2006 and 2007 models. The medium duty trends for July are a different story however. The 2007's saw a drastic increase while the 2010's saw a significant drop in average prices. The majority of the model years saw decreases between 2014 and 2008, but the high increases on the 2004 and 2007 models held them in the positive especially since the older models hold most of the volume.

Overall, the medium duty volume went up only slightly between June and July with most of this increase falling between years 2008-2012. The number of used 2014 class 4-6 trucks on the market went up as well. The model year with the most used medium duty trucks was 2009, blowing the 2007's out of the water this past month. The average age truck on the medium duty private market is 6 years old, which happens to be the same as the average age of the used heavy duty trucks currently on the market. There was a volume increase in July for class 7 and 8 trucks with the exception of the 2014 models. The remaining years all saw increases with the 2008's at the largest month over month increase.

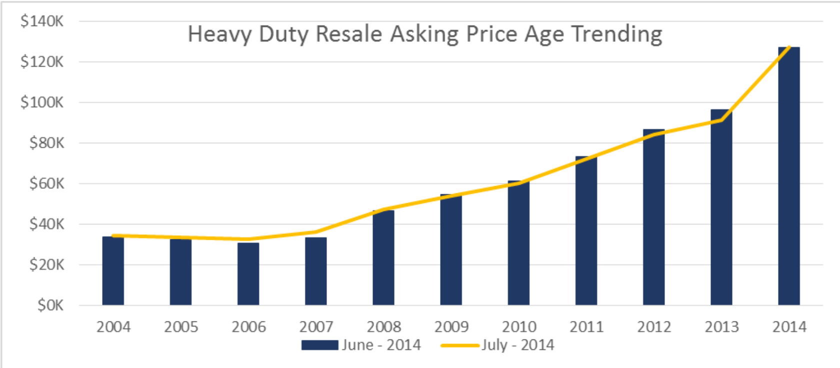


Auction prices did not continue to rise during July as most model years dropped in price in comparison to Q2. There were more 2014's than Q2, but less 2013's on the auction market for both heavy and medium duty. The only increases for the start of Q3 were 2012's and 2009's. So far Q3 is starting lower than Q2 on heavy duty trucks, but average prices are higher than they were during Q1. On the medium duty trucks, auction market prices were up in comparison to both Q1 and Q2. As usual, the auction market is driven heavily by the heavy duty trucks and the price decreases are due to heavy duty trucks dropping during July. Volume for most of the newer trucks remained relatively static indicating that the prices were not driven by the amount being sold, but by the type and quality of the trucks.

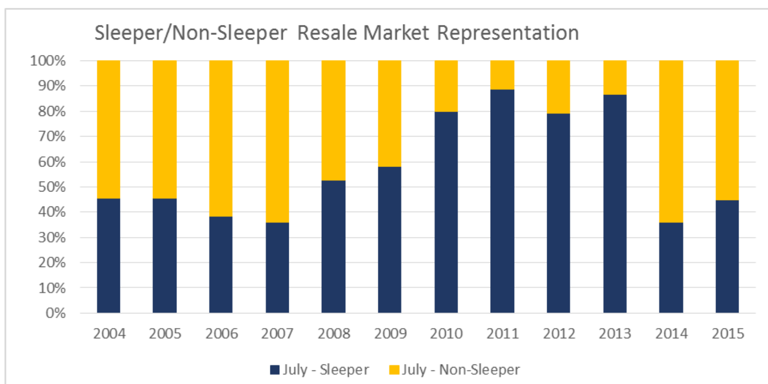


Heavy Duty Trends

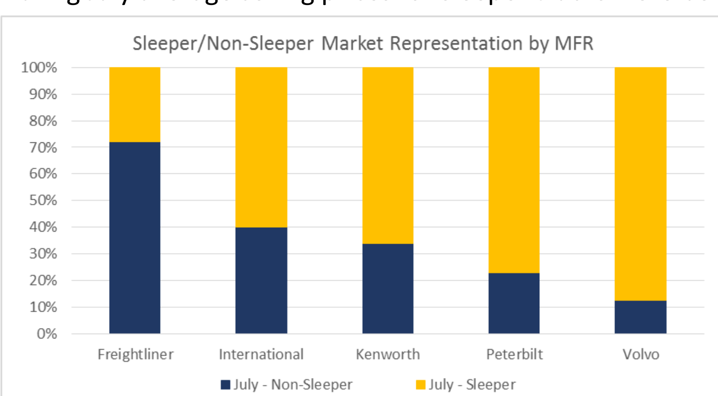
Q2 started out with a continued positive momentum on average asking prices from Q1 and slowed down into May and June. July started Q3 in a positive direction in hope to go into the fall with stronger prices on used trucks than was seen during the summer months. Asking prices are up 3% on heavy duty trucks while auction is down 12%. This is a bit of a change in comparison to June trends as prices had fallen on the private sector by 0.5% and were up 64% at auction. Heavy duty auction prices saw much fluctuation throughout Q2 dropping and rising again, which was followed by a drop during July but still one of the highest average priced months for auction. The private sector also showed some of the strongest prices thus far this year coming in with the second highest asking prices behind April. Quarter by quarter, July has started Q3 out at higher average auction prices than either of the remaining quarters so far in 2014. Prices on the newer model trucks were heading in the negative direction in comparison to June. The 2014 models remained static month over month, but the 2013's saw the largest drop for heavy duty at 5%. Years 2004-2008 all saw price increases making up for the drops in newer models. Being that most of the heavy duty used truck volume falls between MYs 2012 and 2006 the even distribution along with the positive and negative changes allowed for the 3% increase in overall average prices. The 2014 models were the only ones that saw decreases in volume during July as the number of 2013's jumped significantly.



July was not as slow on the auction market for heavy duty trucks as June was. Class 7 and 8 trucks sold during July jumped in volume, but not in price. The number of 2014's went down after the rise during June, but the number of 2012 and 2011's went up significantly month over month. There was an even distribution among the model years 2004-2012 during July. As new truck sales is beginning to slow down slightly after the large amount sold throughout the spring and into the summer, the auction market is having time to catch up with the number of trade-ins slowing down.



During July average asking prices for sleeper trucks were below those in June. The only two model years with increases in average prices for heavy duty used sleepers are 2008 and 2006. The largest drop was on the 2014's. The non-sleeper trucks were rising in price again in July. There were a few model years that saw price declines such as the 2013's, but 2006 and 2007 MYs saw large increases. The non-sleeper pricing trends during July followed closely to the overall



heavy duty pricing as the newer models such as 2009-2013 were lowering in price and the models 2008 and earlier were on the rise.

Overall, there were more sleepers on the private resale market per usual than the non-sleeper class 7 and 8 trucks throughout July. The amount of trucks increased again in July and the entire heavy duty market rose, but the sleepers saw a greater increase which is the same as what occurred during June. Throughout July, non-sleepers held 38% of the heavy duty market and sleepers were the remaining 62%. This is a 2% shift from the sleeper/non-sleeper split during June. There are still a few model years where there are currently more non-sleepers on the private used truck market. These would include mostly older MYs such as 2004-2007. The sleepers dominate most of the years between 2010 and 2013, while non-sleepers are the majority of the trucks selling for MYs 2014 and even 2015's.

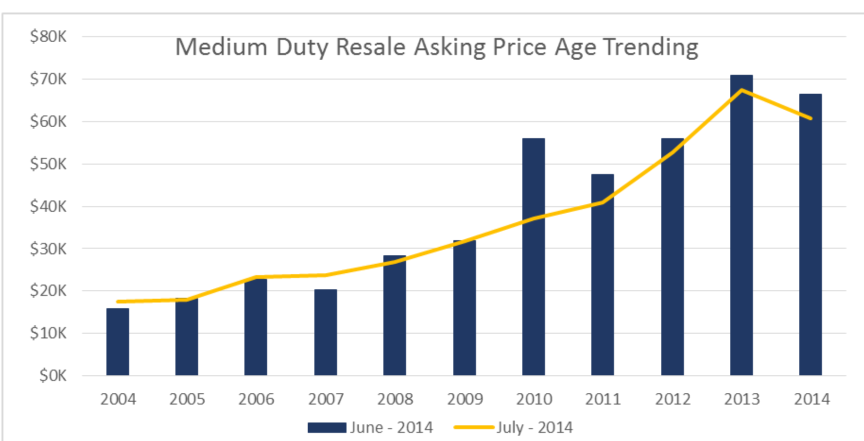
The trend for the top four manufacturers during July includes a 15% increase in Freightliner after the 4.8% drop during June. Prices turned around and are higher than May with this increase, but Freightliner remains the lowest priced among the four manufacturers. International was the only manufacturer of the four with an increase in June, but during July the 7.7% decline dropped them well below Kenworth and Volvo. Kenworth had a minimal change and even though Volvo saw the 10.7% increase, Kenworth remains the highest priced among the four manufacturers. In terms of volume, Volvo had the largest increase during July as all four were on the rise. Not only did Kenworth remain in the highest priced among the manufacturers, but also the highest volume during July. The high average price is due to the large amount newer modeled trucks as 75% of Kenworth's fall between MYs 2009-2013.

Top 4 Heavy Duty Manufacturer Resale Prices

	June 2014	July 2014	Difference
Freightliner	$36,019	$41,410	15.0%
International	$52,225	$48,228	-7.7%
Kenworth	$66,940	$66,132	-1.2%
Volvo	$56,052	$62,027	10.7%

Medium Duty Trends

The medium duty market saw a 0.8% increase in private market sale prices and a 47% increase at auction during July in response to June's 18% increase and 4% increase on private and public sectors respectively. There were advertised price increases for only a few MYs as the majority saw small declines. Being that the increases were enough to keep July in the positive for medium duty trucks, this may not hold



true in the remainder of Q3 as prices appear to be declining. The number of 2014 models on the medium duty market continued its rise from June into July rising another 55%.

Among the top four most popular class 4-6 trucks on the private resale market, the largest decrease in price was on the Hino trucks after a 6.2% increase during June. Prices are back to where they were during May for this manufacturer. During June Ford declined 2.2%, but July brought on a large change for this manufacturer as there was over a 29% increase in average prices. Freightliner also saw a decrease during June which was followed by the 2.8% increase. International was up 16% in June and dropped 1.1% during July. Each of the four manufacturers made a turn in the different direction than what was seen during the end of Q2. Hino is still the highest average priced truck on the medium duty market though.

Top 4 Medium Duty Manufacturer Resale Prices

	June 2014	July 2014	Difference
Ford	$27,030	$35,082	29.8%
Freightliner	$25,015	$25,721	2.8%
Hino	$40,098	$37,702	-6.0%
International	$30,118	$29,791	-1.1%

Model Year Pricing Trends

Monthly Change in Trucks

June 2014 vs July 2014

	2008MY	2009MY	2010MY	2011MY	2012MY	2013MY
Heavy Non-Sleeper	0.1%	-2.4%	-4.1%	-0.5%	-4.0%	-13.7%
Heavy Sleeper	1.8%	-1.4%	-1.5%	-2.3%	-1.8%	-2.1%
Medium	-3.7%	0.0%	-33.9%	-13.6%	-6.0%	-5.0%
Light	-50.7%	66.8%	-21.4%	-16.8%	-9.7%	-6.6%

YTD Change in Trucks

January 2014 - July 2014

	2008MY	2009MY	2010MY	2011MY	2012MY	2013MY
Heavy Non-Sleeper	-13.0%	-7.7%	-7.0%	-12.0%	-4.6%	-14.5%
Heavy Sleeper	1.7%	-1.7%	-1.6%	-5.3%	1.6%	-24.2%
Medium	0.5%	-0.4%	-11.5%	-6.4%	3.0%	33.0%
Light	-52.9%	41.1%	-21.1%	-31.1%	-5.0%	-7.5%

YOD Change in Trucks

July 2013 - July 2014

	2008MY	2009MY	2010MY	2011MY	2012MY
Heavy Non-Sleeper	-10.9%	-7.7%	-11.7%	-18.1%	-12.3%
Heavy Sleeper	-4.8%	-5.1%	-8.2%	-10.2%	-12.4%
Medium	-1.0%	1.9%	-24.9%	-10.5%	3.3%
Light	-51.2%	33.3%	-30.8%	-35.2%	-11.7%