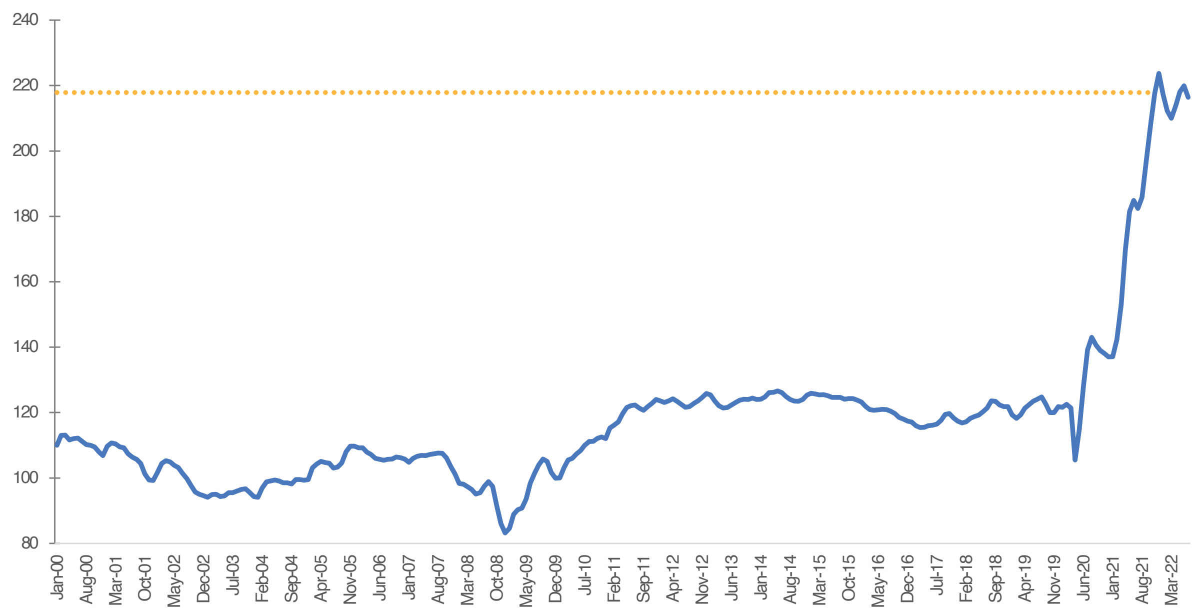
J.D. POWER
VALUATION SERVICES

JULY 2022 WHOLESALE MARKET UPDATE

USED VEHICLE PRICE INDEX

The used-vehicle market remains exceptionally strong, however, wholesale prices cooled slightly in July 2022. As a result, the J.D. Power Valuation Services Used Vehicle Price Index declined 3.5 points to 216.4. Despite the decline, July's price level was only 7.1 points lower than its all-time high in December 2021. Additionally, prices in July were 18.8% higher than July 2021 and 31.1% higher through the first seven months of the year vs. the same period in 2021.

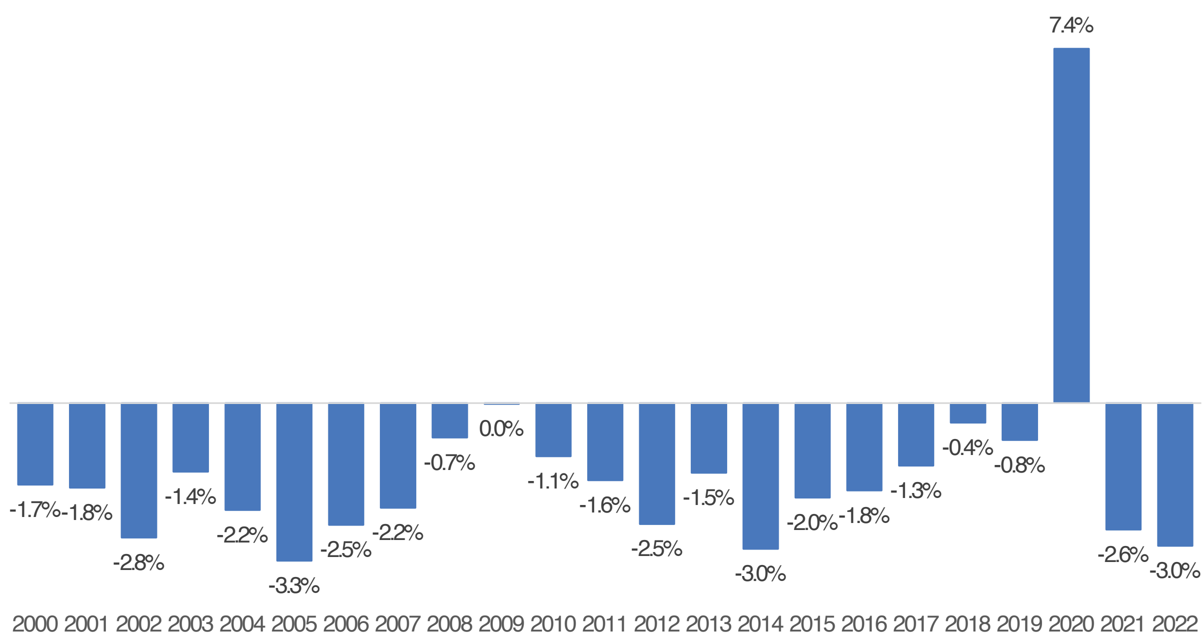
J.D. Power Valuation Services Used Vehicle Price Index (seasonally adjusted)



Wholesale prices at the industry level fell 3% in July, which was one of the softer performances for the period in the past 20 years. Historically, wholesale prices fell by approximately 1.5% in July. On the retail side, used prices remain near historic highs recorded in April 2022. Compared with June 2022, used retail prices grew a slight 0.2% in July, reaching $31,955 per unit.

Additionally on the used retail side, sales volumes at franchised dealers reached nearly 1.1 million units in July, up approximately 44,000 units from June.. The increase was driven by popular SUV and truck segments. For example, light duty large pickups, midsize SUV and compact SUV sales contributed to more than half of the sales gain recorded last month vs. June. Additionally, dealers continue enjoying the fruits of used-vehicle operations. In July, the used-to-new ratio remained elevated in favor of used, with that ratio reaching 118.8%--up one percentage point from June. Also, used vehicles continue moving off dealer lots very quickly, as days-to-turn held steady at 40 days for the fourth consecutive month.

Monthly Used Vehicle Price Change (July Period)

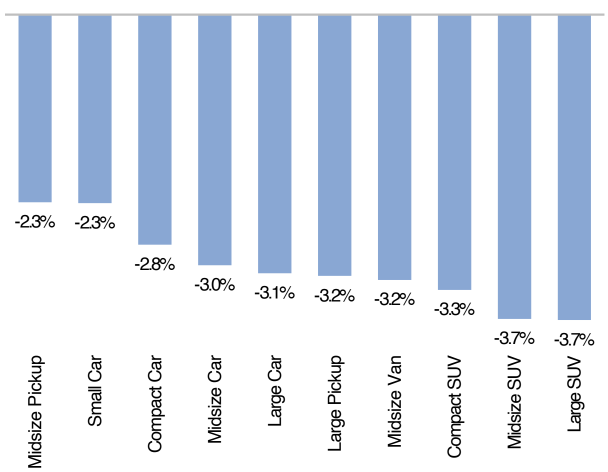


SEGMENT PRICE PERFORMANCE

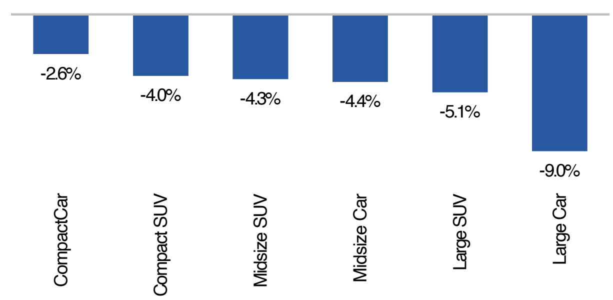
Following the overall industry trend, both mass market and premium segment prices experienced declines in July. On the mass market side of the market, passenger car prices are generally still the strongest. Small, compact, midsize and large car prices declined from 2.3% to 3.1%, while pickup and SUV segment prices fell between 2.3% to 3.7%. Premium segment prices were softer than their mainstream counterparts, as prices declined from 2.6% for compact car to 9% for large car.

June 2022 vs. July 2022 Segment Wholesale Price Performance

Mass Market M/M



Premium M/M

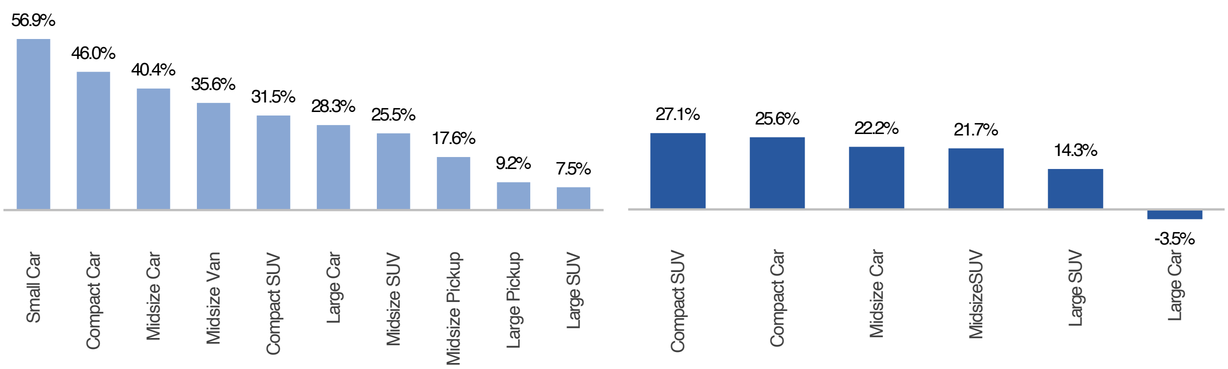


When comparing where wholesale prices ended in July vs. where they were through the first seven months of 2021, we see just how strong used prices continue to be. This is especially true for more affordable segments such as small, compact and midsize car prices. Prices for these segments are currently up from 40.4% to 56.9%, as dealers continue battling over a shrinking pool of these types of vehicles in the wholesale lanes. Remaining mass market segment prices are up from 7.5% for large SUV to 35.6% for midsize van, while premium segment price gains range from 14.3% for large SUV to 27.1% for compact SUV. Large premium car prices are currently the only segment to see declines compared with a year ago, as prices for the segment are 3.5% lower than 2021.

Year-Over-Year Segment Wholesale Price Performance

Mass Market M/M

Premium M/M



WHOLESALE VOLUME UPDATE

Competition in the wholesale marketplace remains fierce. Traditional dealers continue to compete against newer entrants, as well as fleet companies coming to bid and buy vehicles for their portfolios. Year to date, industry auction sales are 34% below a comparable period in 2021, mass market sales are 34% lower and premium sales are down 33%. This trend will continue for the foreseeable future as used supply is expected to tighten during the next few years.

Wholesale Auction Sales (000s)

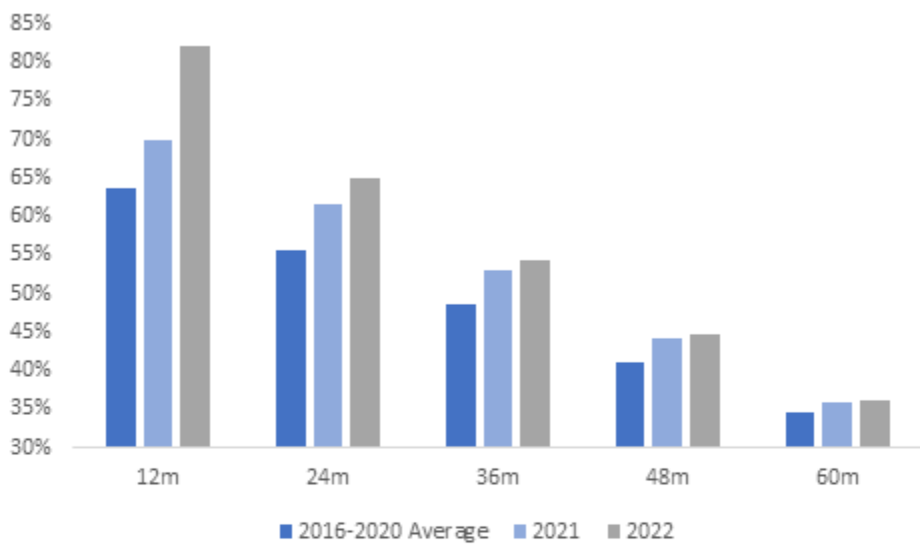
Segment	Jul. '21	Jun. '22	Jul. '22	M/M Change %	Y/Y Change %	CYTD '21	CYTD '22	CY Change %
Mass Market Total	366	258	215	-16%	-41%	2,882	1,909	-34%
Premium Total	58	43	34	-21%	-42%	489	330	-33%
Industry Total	425	301	249	-17%	-41%	3,371	2,239	-34%

Note: Vehicles up to eight years in age.

ALG UPDATE

Since the initial COVID-19 associated lockdowns began in March 2020, ALG and J.D. Power have fielded hundreds of requests to provide updated forecasts in response to the unprecedented volatility and record high valuations in the automotive marketplace. These conversations have been heavily skewed towards the effect on the industry lease standard lease term of 36 months. In this edition of Guidelines, we provide data to highlight ALG's response across a broader set of forecast terms, along with key observations behind the varying degrees of change across forecast terms.

Industry Residual Value Forecast by Term



- Forecast data contains January to August forecast period across all years.
- 2016-2020 average values represent marketplace conditions in the five years preceding the marketplace disruption caused by the pandemic. Forecasted values

during these five years we remarkably consistent with a standard deviation of approximately one percentage point of residual value.

- 2021 values were primarily affected by record high used-vehicle values, while the 2022 forecast included ongoing concerns around long-term production constraints and revised methodology around ALG's 7.0 forecasting model.
- Responding to dynamic market conditions, ALG's near-term forecast reflects much more dramatic shifts than later terms.
- ALG's 12-month forecast for 2022 model year vehicles shows a remarkable increase of approximately 18 percentage points of original MSRP relative to the five years that preceded the pandemic. This is due not only to the rise in new- and used-vehicle prices, but also the drop in used supply associated with daily rental fleet units.
- For the long term, ALG expects that by 2027 calendar year, the automotive marketplace disruptions currently being experienced will be a distant memory, with five-year-old vehicle values being closely aligned—albeit somewhat elevated—with pre-pandemic market conditions. The slightly higher forecast is largely driven by ALG's outlook that overall new-vehicle inventory and incentive spending will see significant sustained declines in the U.S. market, supporting stronger used vehicle values through the rest of the decade.