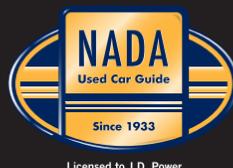


J.D. POWER



Licensed to J.D. Power

PROVIDING CONFIDENCE AND RELIABLE GUIDANCE THROUGH MARKET REFLECTIVE VALUES

THE INPUTS



Factors that go into producing accurate values to inform important business decisions

Timely market data



Historical depreciation patterns



Adjustments for market factors



Underpinning J.D. Power Valuation Services' used vehicle values



AuctionNet data



J.D. Power's Power Information Network (PIN) data



Combined, we collect and analyze more than 1 Million transactions each month—more than any other source.

We carefully construct accurate vehicle values harnessing critical information from—



Industry leading VIN decoding



J.D. Power's proprietary VIN Configuration Data



These tools improve the valuation process by eliminating financial blind spots to precisely determine the correct trim level and factory-installed options.

THE METHODOLOGY

Valuation algorithm creates 2 key metrics

We use five years of history to establish typical price movement as vehicle ages.



The price position of each vehicle over the past 6 months is compared to the established depreciation curve.



1

The established depreciation curve is adjusted up or down to overlay current price position—and moves forward into the effective time period for each upcoming edition of our values.

2

We then gauge weekly price movement at higher levels—most crucially the model level. This step is taken because many vehicles do not have enough data each week to determine price movement. In these cases, our valuation algorithm aligns vehicles with low sample sizes with the most similar vehicle within the same model lineup with an adequate sample size to adjust values.

3

Each week the algorithm measures the difference between calculated values and actual wholesale market prices. Every vehicle is measured and given an accuracy score. J.D. Power's seasoned team of valuation analysts use this data to refine algorithm results and/or to make appropriate adjustments to align with current market conditions.

These steps ensure that J.D. Power's valuations are consistently improving and that they provide confidence and reliable guidance over time and through periods of extreme market volatility.



WANT MORE DETAILS?

For more information, visit b2b.nada.com.