N.A. COMMERCIAL VEHICLE OUTLOOK: Class 8 Trucks, Trailers, MD Vehicles

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A.C.T. Research Co., LLC

May 30, 2003

U.S. Economic Activity: 1

- Low interest rates continue to prop up consumers
  - However:
    - Job market remains soft
    - Real wage growth slowing
    - Consumer confidence
    - Home equity tapped
    - Higher energy prices take bite out of discretionary funds
    - Stock market valuations remain depressed

- Industrial spending still weak
    - ISM and IP don't suggest a recovery in the pipeline
    - Capacity utilization remains at low levels
    - Positive: Inventories low relative to sales

During recovery phase of business cycle, Class 8 demand tends to lag manufacturing sector recovery.

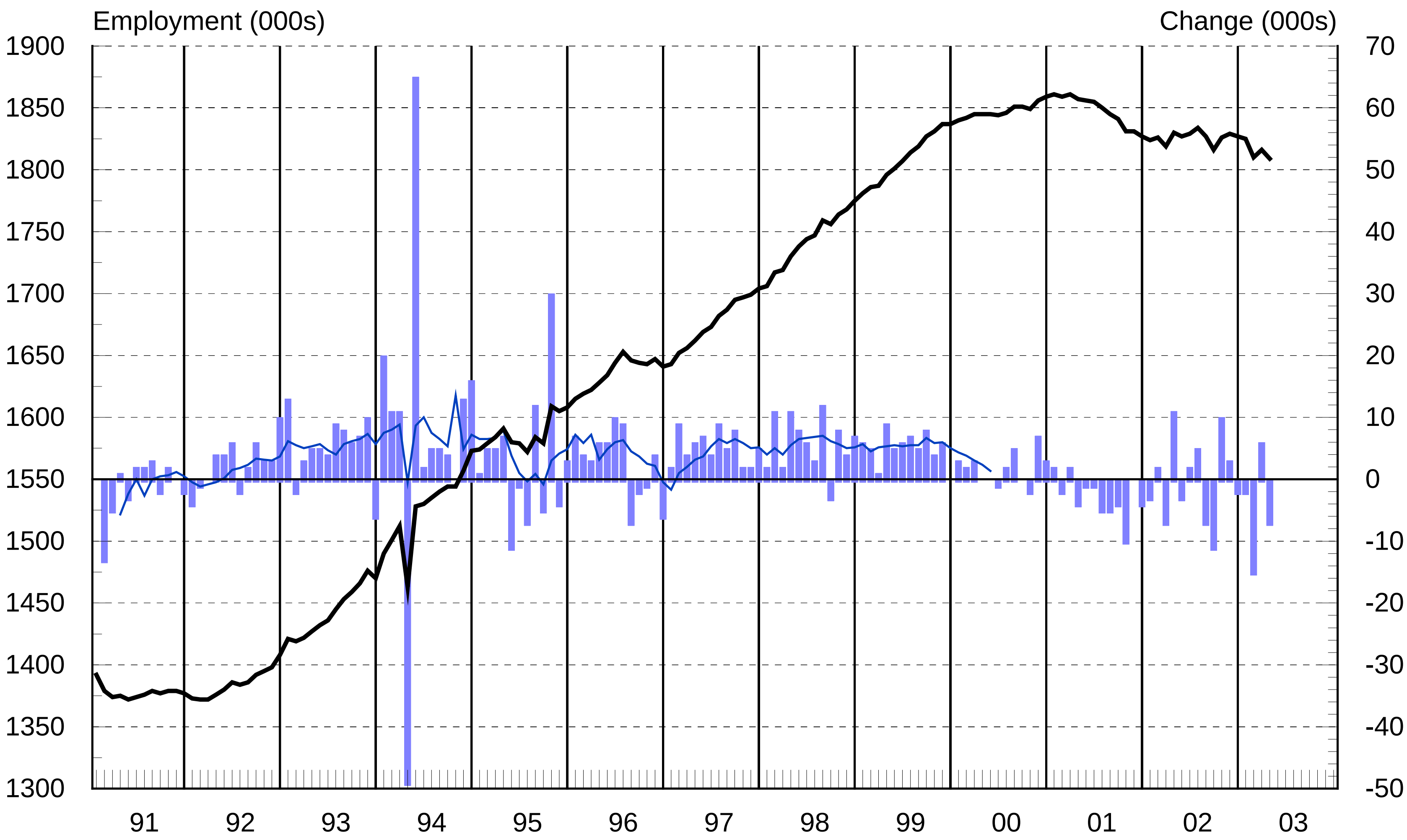
U.S. Economic Activity: 2

- Corporate profits remain weak
  - Larger profits required for stronger investment
  - Weak profits = weak equity markets
- War's resolution solves huge problem
  - Energy costs down ±$10 since the outset of war
    - Key ingredient for recovery
  - Clearer economic outlook by summer?
- Productivity gains are double-edged
  - Inflation-free growth in output, real wage growth
  - Fewer employees required

Current Assessment: Continued slog into fall

Trucking & Warehousing Employment

January 1991 - April 2003 (Seasonally Adjusted)



Source: BLS, ACT Publications: Copyright 2003

Motor Carriers: Significant Issues 1

- Difficult freight environment continues
- Still-high fuel costs
- High insurance costs
- Limited availability of financing
- Late model used tractor values recovering

Motor Carriers: Significant Issues 2

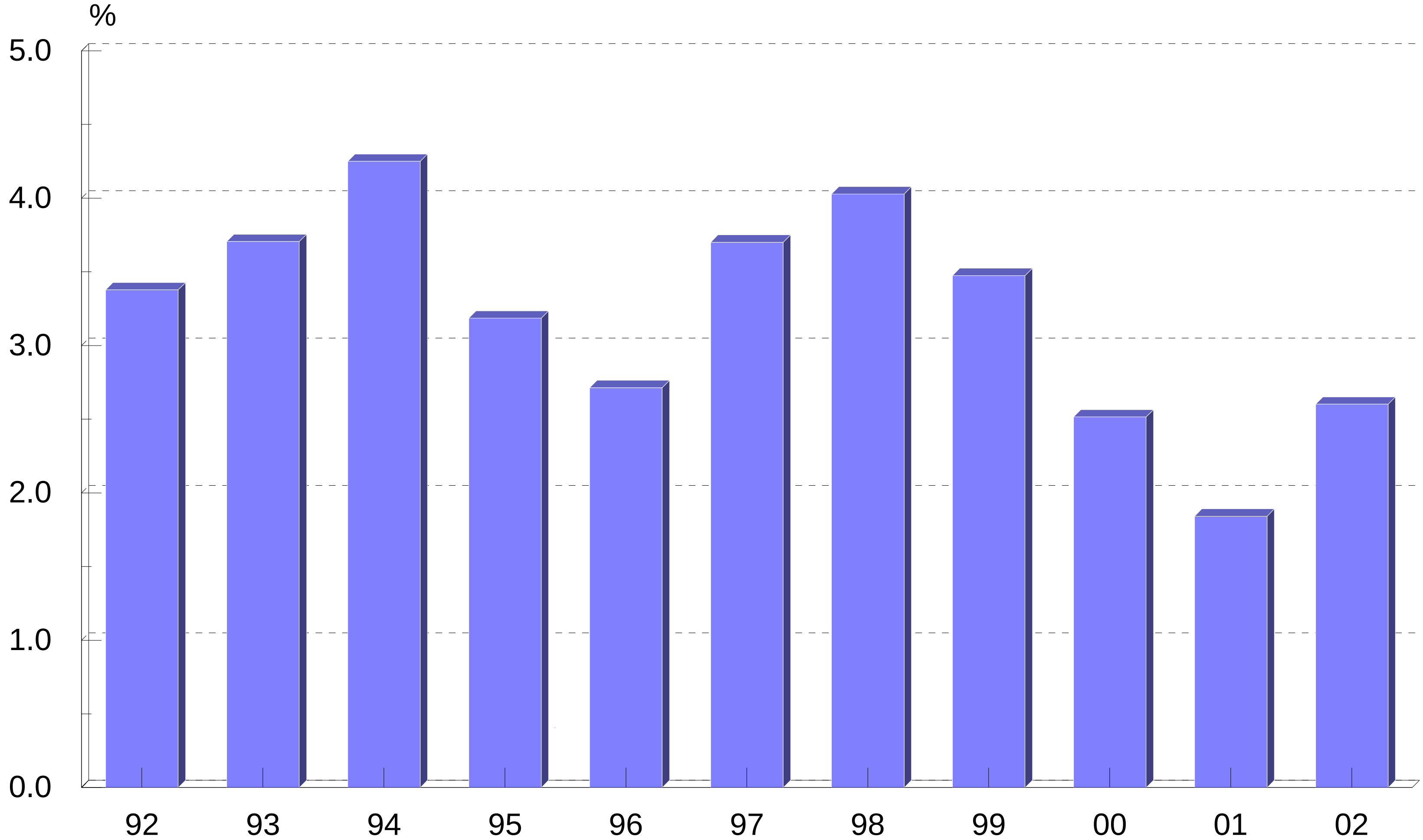
- Hard to raise rates in weak freight environment
- October 1, 2002 EPA emissions mandate
  - Class 8: more $ up front, more $ to operate, less $ at trade
- Carriers are being more cautious and disciplined
  - No longer being carried by OEMs
  - Operating results have not justified investment for expansion
  - Current discipline should translate into handsome rate increases once economy recovers

TRUCKING 1999 – 2003: A ROAD OF OBSTACLES

- 1999-2000: over-sold market & fuel price spike
- 2000-2001: business failures & asset devaluation
- 2001: recession
- 2001-2002: insurance & lending crisis
- 2002: emissions mandate & pull-forward
- 2002-2003: stagnant economy, fuel price spike
- 2003: business failures (but not like 2000-01)

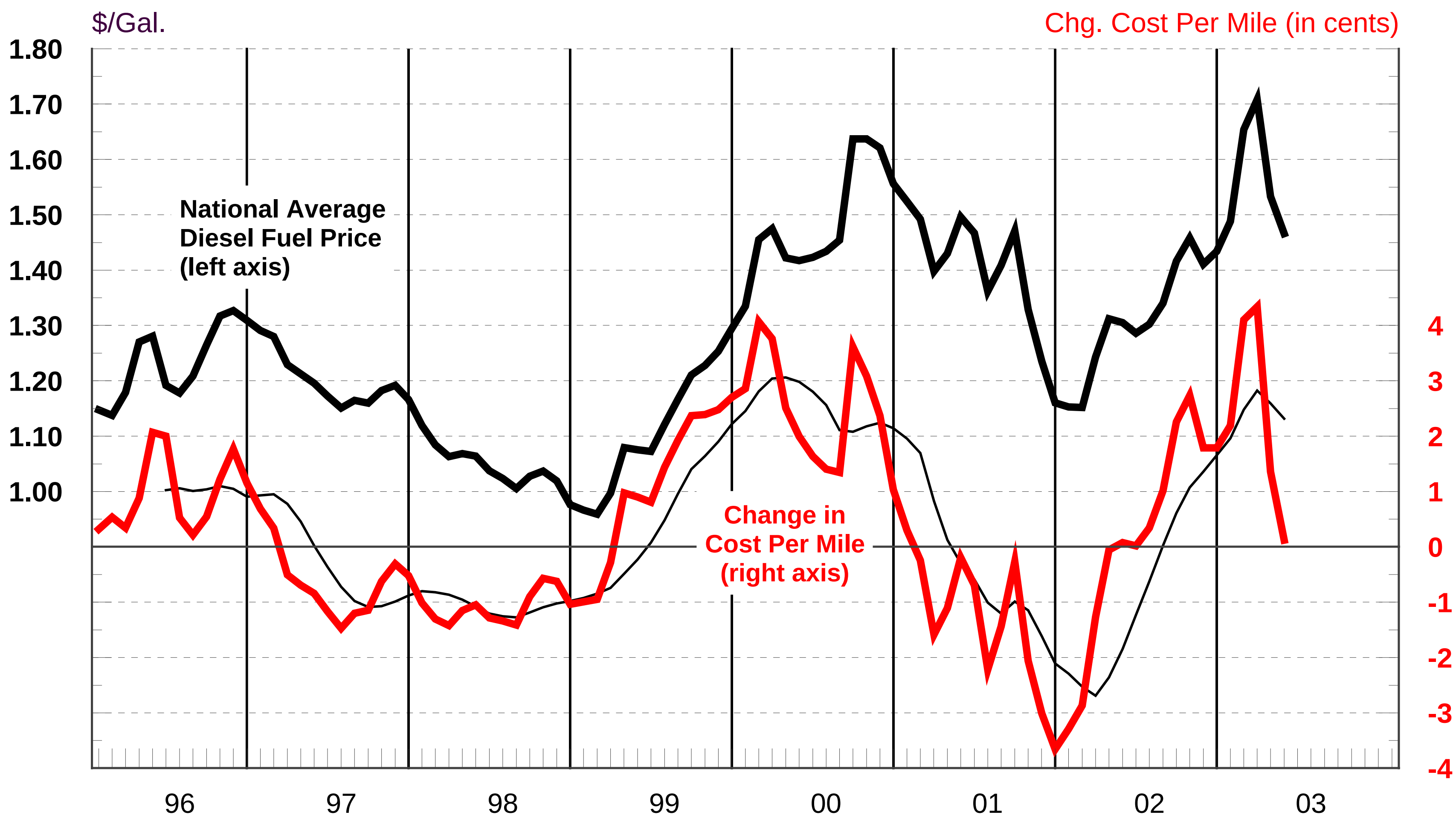
TL Carrier Database:
NET PROFIT MARGIN

1992-2002



National Average Diesel Fuel Price & Per Mile Impact

January 1996 - 2 Weeks May 2003 (Seasonally Adjusted)



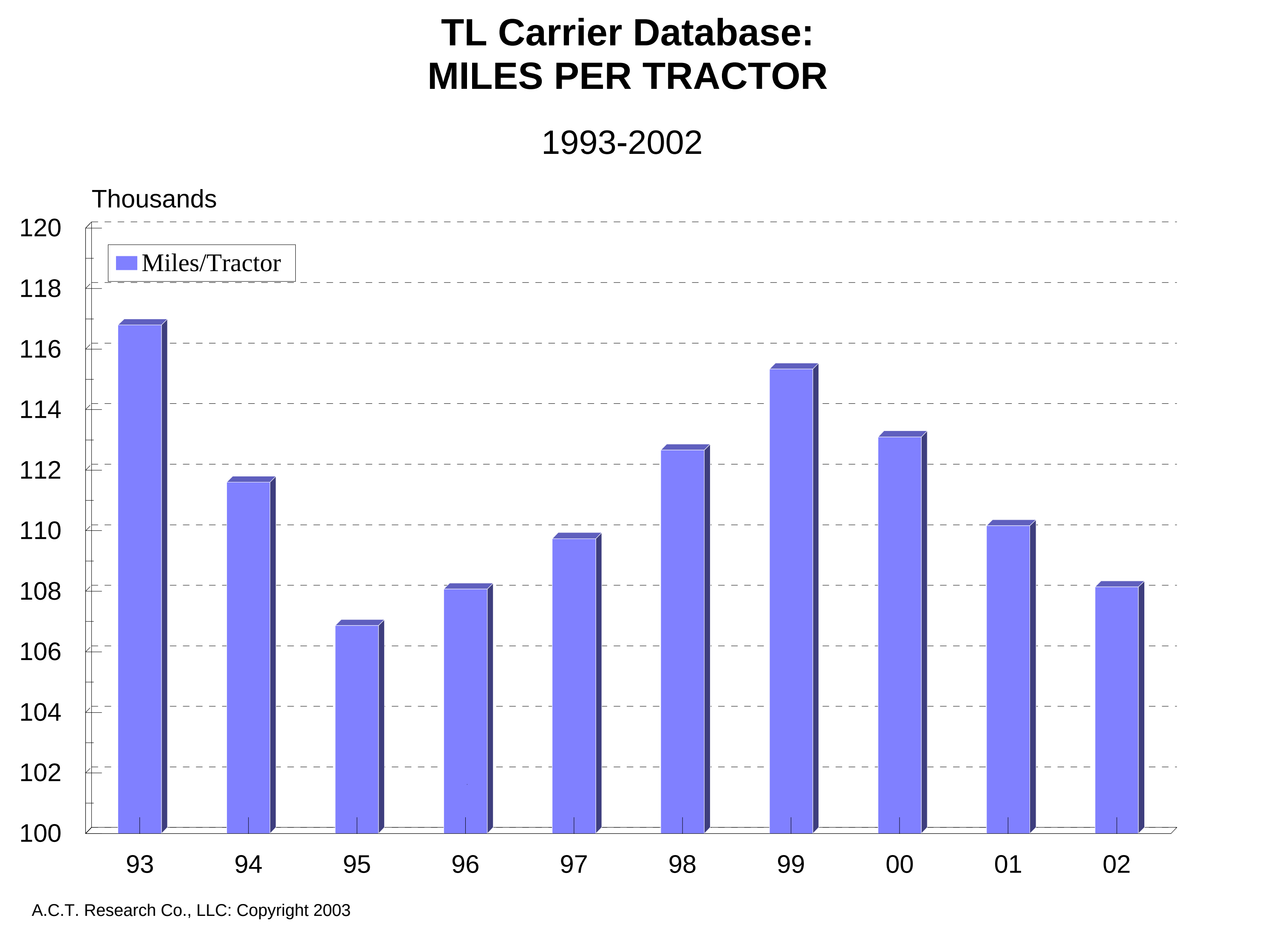
Source: EIA., ACT Research: Copyright 2003

Carriers Continue to Age Fleet

Based on carrier reported average fleet age data

	3 Year & Below	3.5 Year	4.0 Year	4.5 Year	5 Years & Over
2000	Covenant Knight	PAM Werner Boyd Br. Cannon	JB Hunt Marten Swift USA Truck	Celadon Smithway US Xpress TCAM	--
2001	Knight Werner	PAM	Boyd Br. Cannon Celadon Covenant USA Truck	JB Hunt Marten Swift	Smithway US Xpress TCAM
2002	Werner	Cannon	Knight PAM USA Truck	Marten Covenant Boyd Br.	Celadon Swift TCAM, SMCX JB Hunt US Xpress

Miles Per Tractor Slips Again in '02



CLASS 8: Goodbye Prebuy

- Class 8 orders start 2003 at healthy levels
- Backlogs inching higher
  - 52,800 in April
- Build rises sharply
  - From 591 per day in March to 692 per day in April
- Retail sales rise sharply in April
  - Follows extremely weak activity in Q1
- Strong sales reverse inventory accumulation
  - High inventories threaten production if economy cools

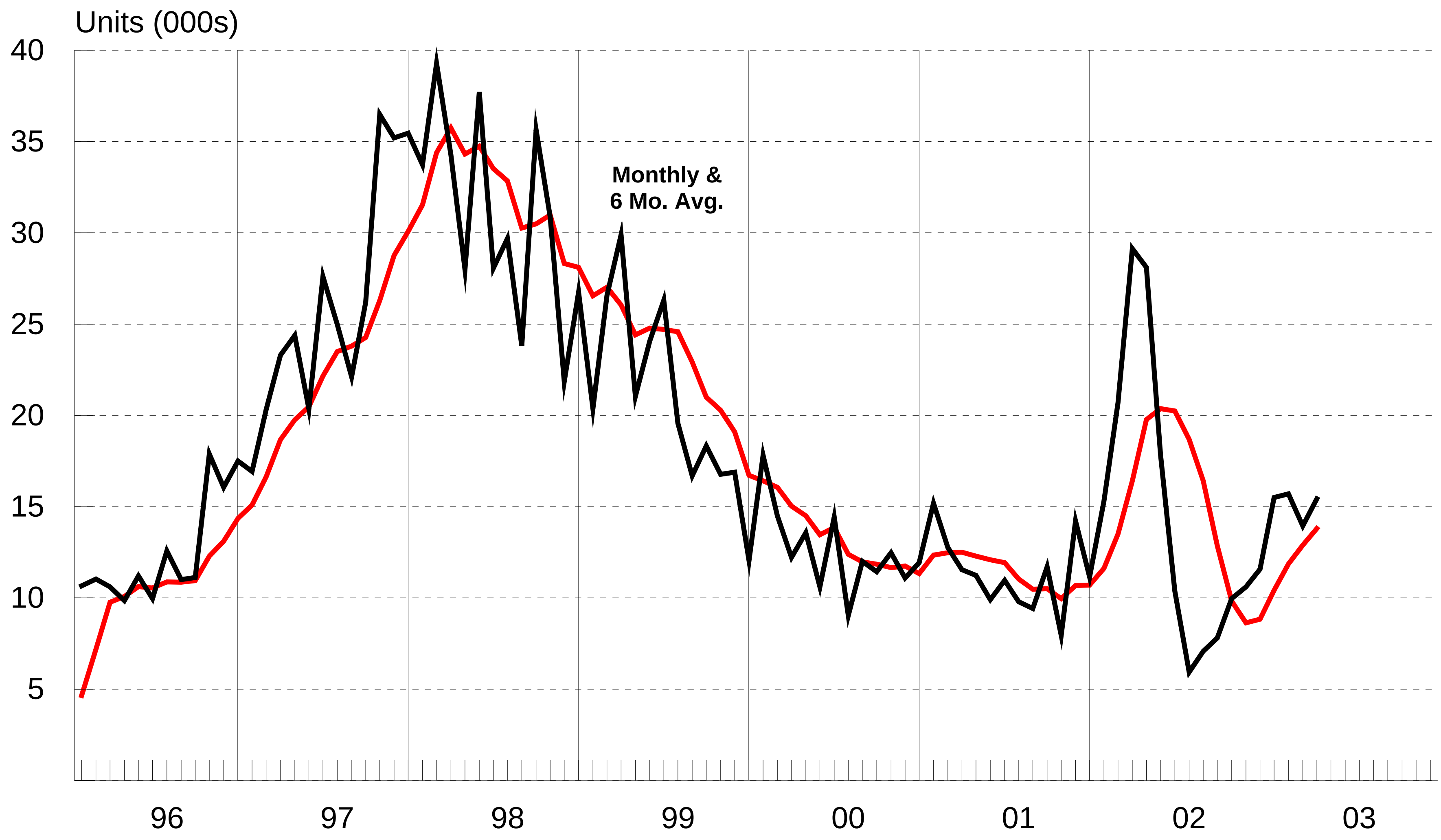
Current Class 8 Market Activity

Year over year, not SA

	Net Orders (AR)	Build (AR)	Retail Sales (AR)
2002	174.5	181.2	178.9
Past 6	165.6	145.9	154.8
Past 3	**180.3**	154.5	151.9
April	**185.2**	174.3	**187.1**

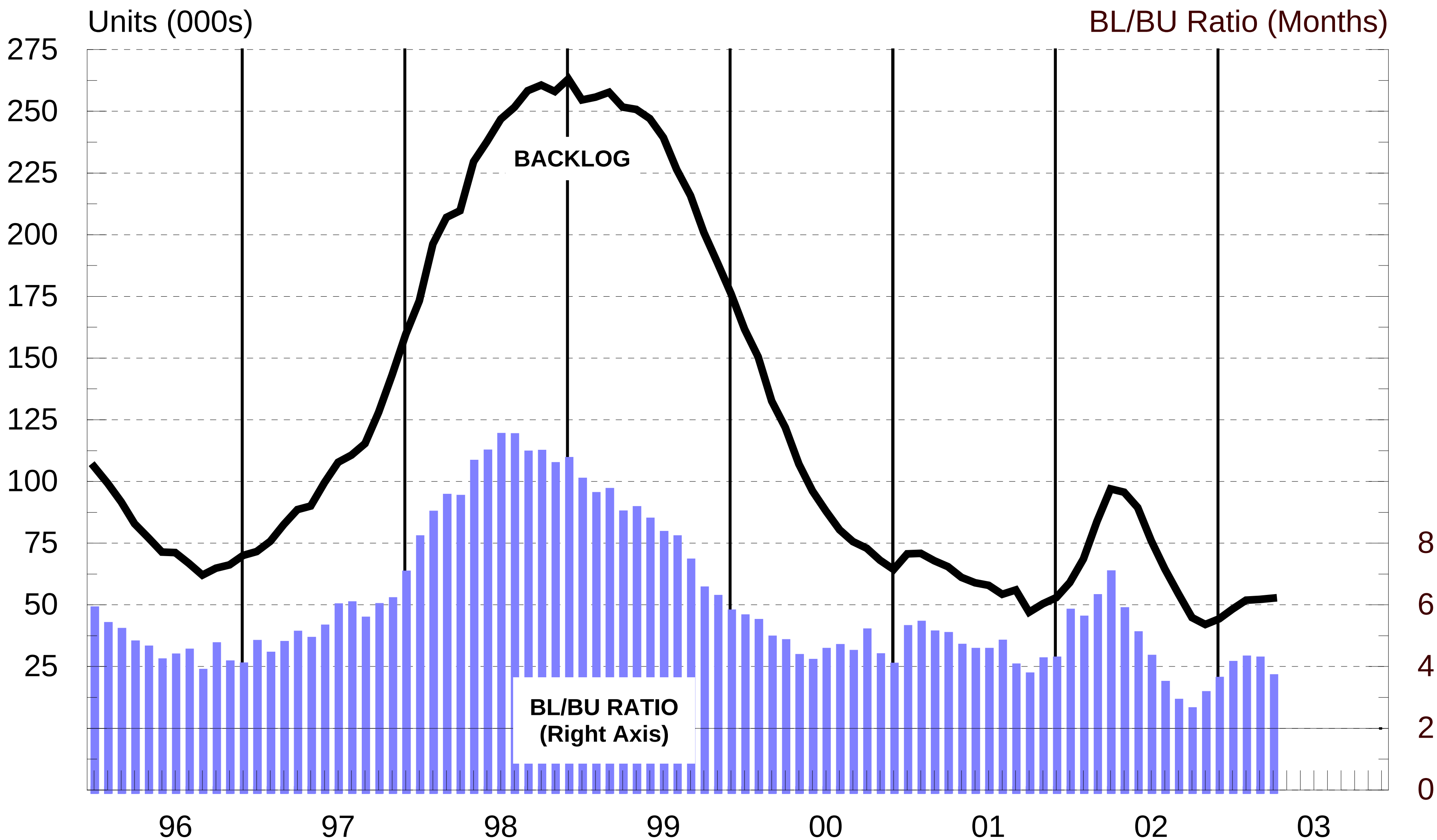
TOTAL CLASS 8: N.A. NET ORDERS

January '96 - April '03 (Not Seasonally Adjusted)



TOTAL CLASS 8: N.A. BACKLOG & BL/BU RATIO

January '96 - April '03 (Not Seasonally Adjusted)



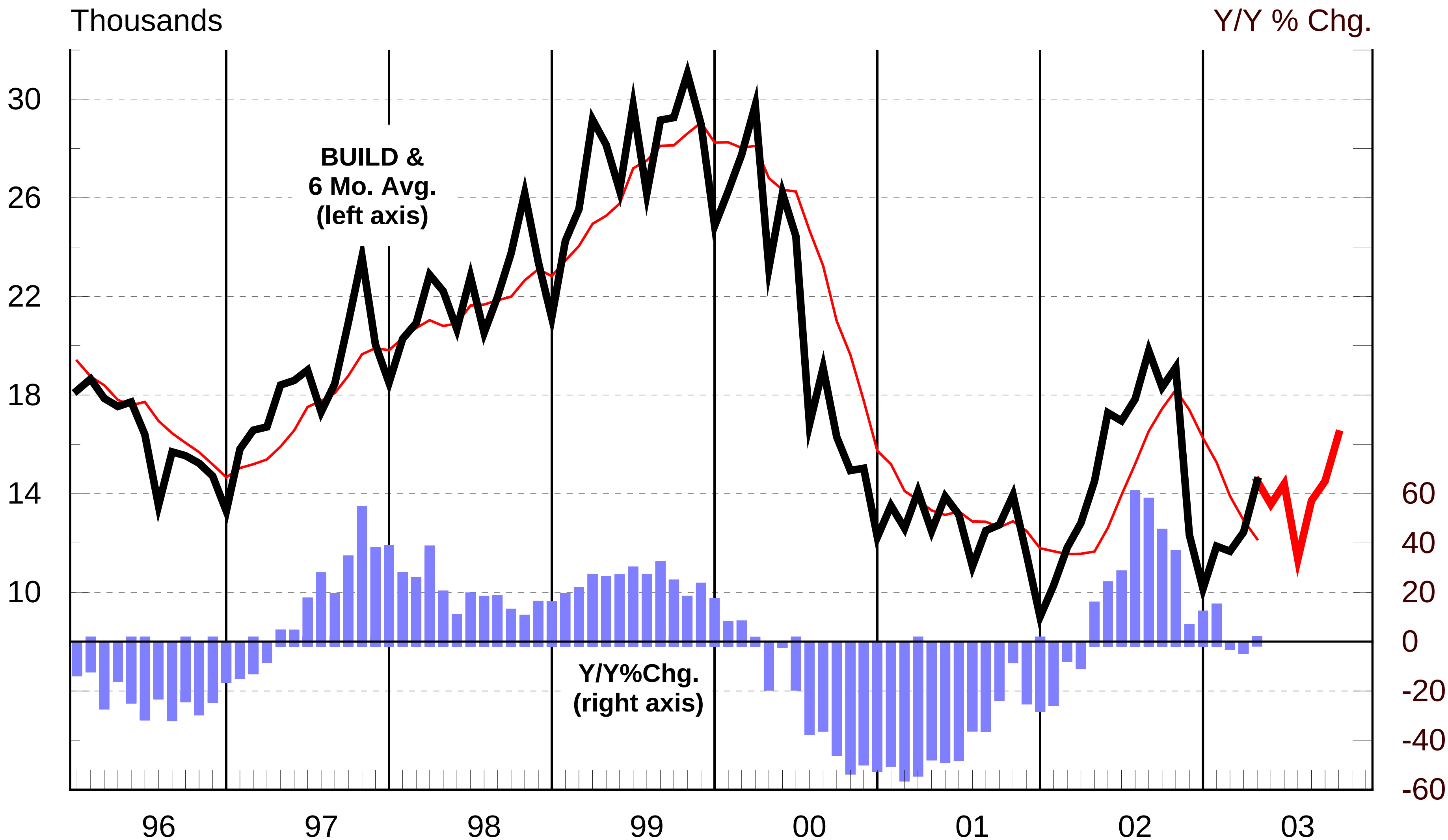
BACKLOG ANALYSIS: Ending April

- Q2 build slots well-filled
- Current order rate will keep backlog filled
  - Unfortunately, June through August is the weakest order period of the year
- Backlog still front-end loaded

CLASS 8	May-June	Q3 '03 Jul-Sep	Q4 '03 Oct-Dec	Q1 '04 Jan-Mar	Beyond 11 Months	TOTAL
BACKLOG DISTRIBUTION	24,685	18,196	7,398	1,628	880	52,787
. Mix by scheduled build date	46.8%	34.5%	14.0%	3.1%	1.7%	100.0%
BUILD FORECAST	27,963	39,570	--	--	--	--

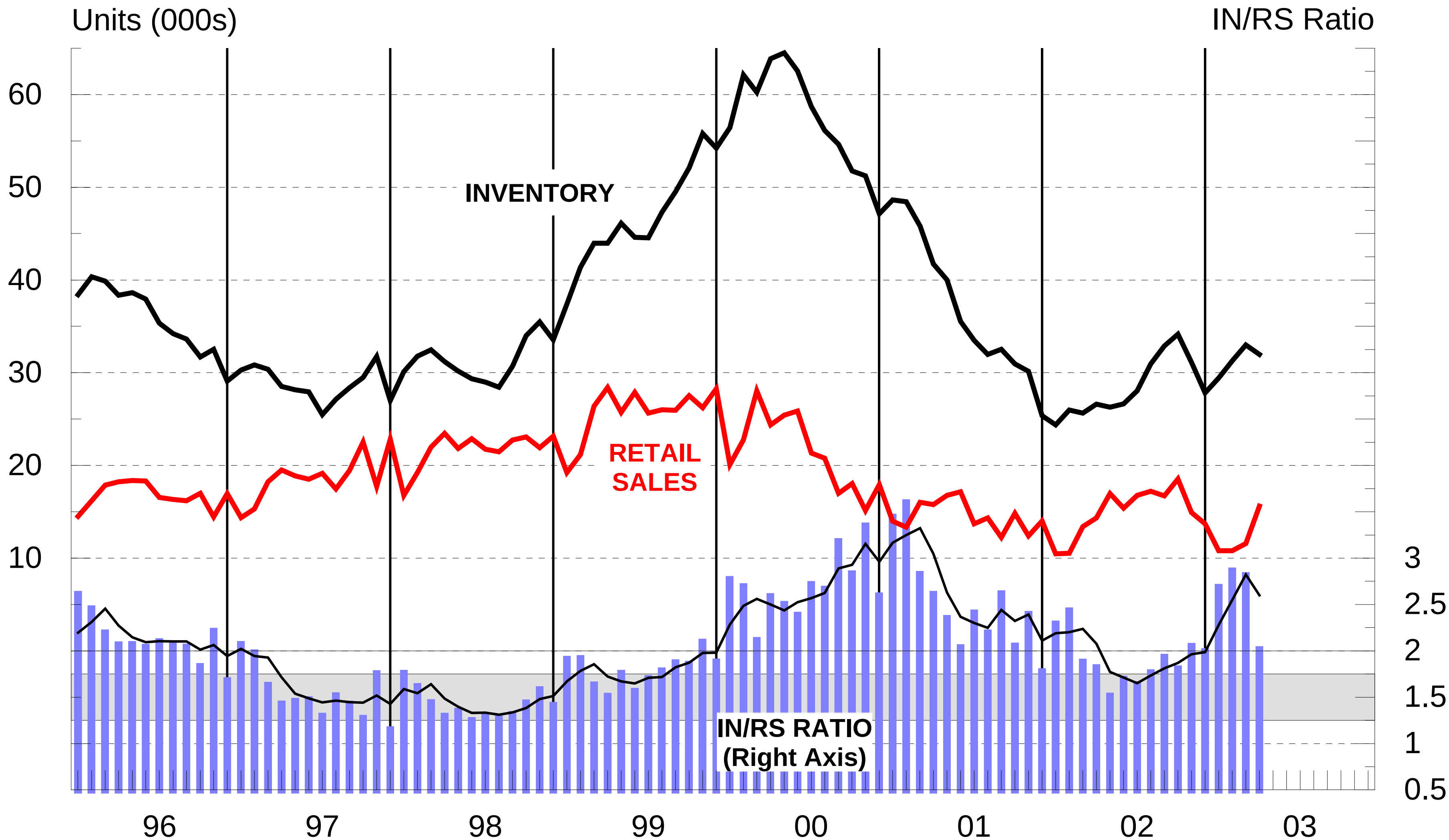
TOTAL CLASS 8 BUILD

January '96 - April '03 (Not Seasonally Adjusted)



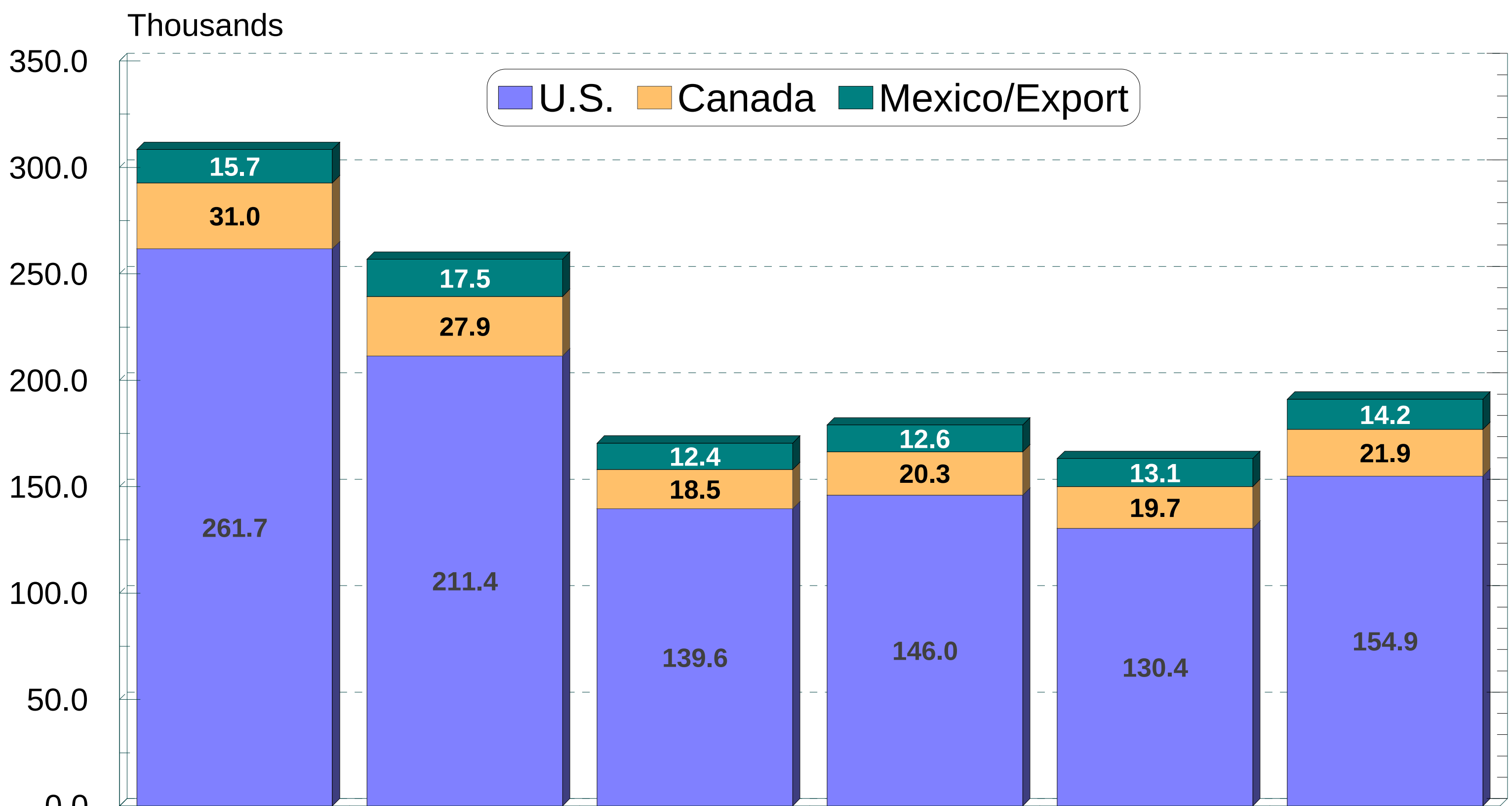
TOTAL CLASS 8: N.A. INVENTORY/RETAIL SALES RATIO

January '96 - April '03 (Not Seasonally Adjusted)



N.A. Class 8 Retail Sales

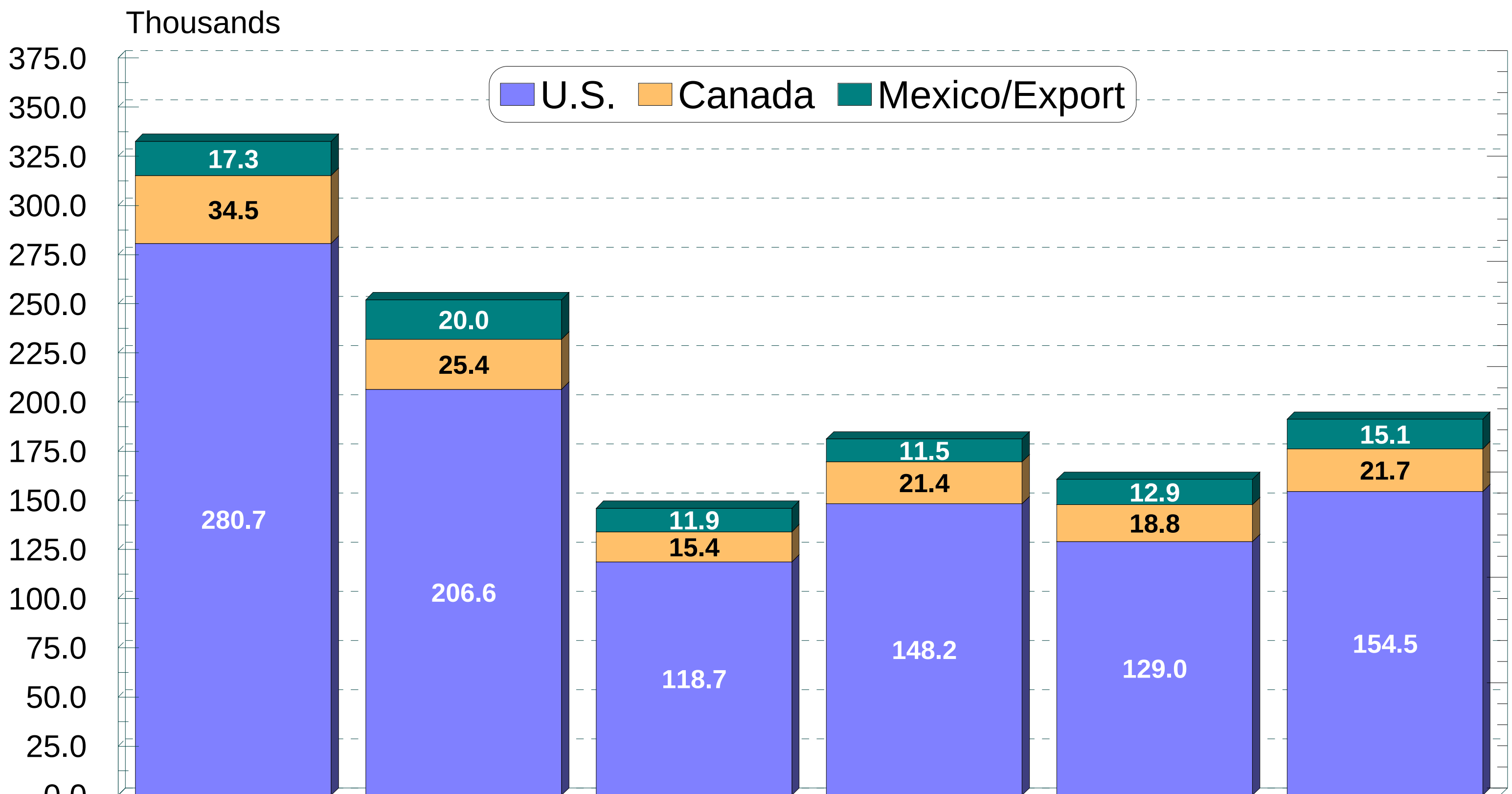
1999 - 2004



	1999	2000	2001	2002	2003f	2004f
Retail Sales	**308.4**	**256.8**	**170.4**	**179.0**	**163.2**	**191.1**
% Change		**-16.7**	**-33.6**	**5.0**	**-8.8**	**17.1**

N.A. Class 8 Production

1999 - 2004



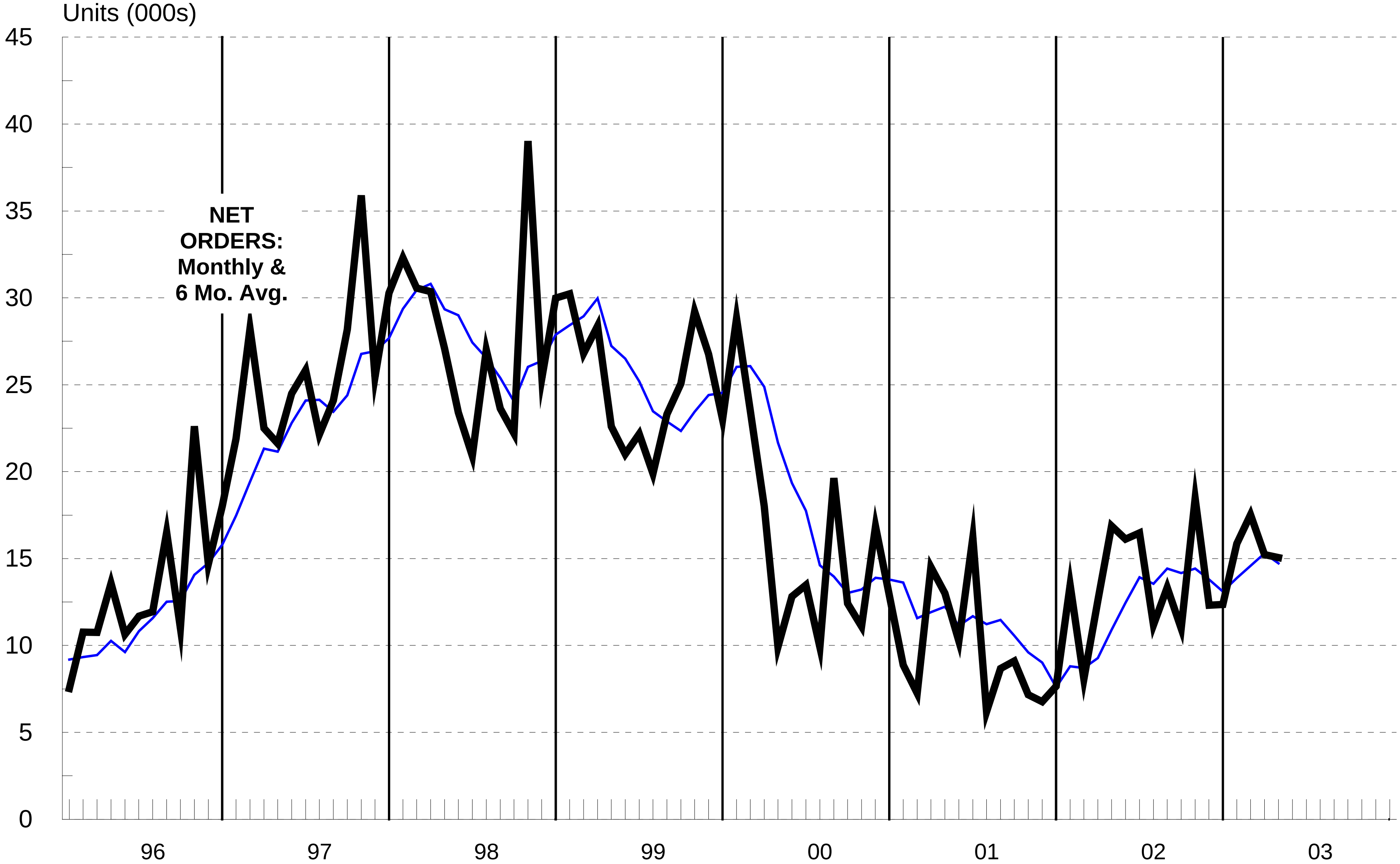
	1999	2000	2001	2002	2003f	2004f
Production	**332.6**	**252.0**	**146.0**	**181.2**	**160.7**	**191.3**
% Change		**-24.2**	**-42.1**	**24.1**	**-11.3**	**19.0**

Trailer Demand Follows Trucker Profits and Freight Creation

- Trailer industry order activity rises at start of 2003
    - Trailers-only enjoy modest gains through April
    - Intermodal equipment demand extremely strong
- Cancellation activity at low levels
- Despite stronger orders, backlogs unable to grow
- Trailer-only production and shipments relatively strong to start the year

TOTAL TRAILERS: NET ORDERS*

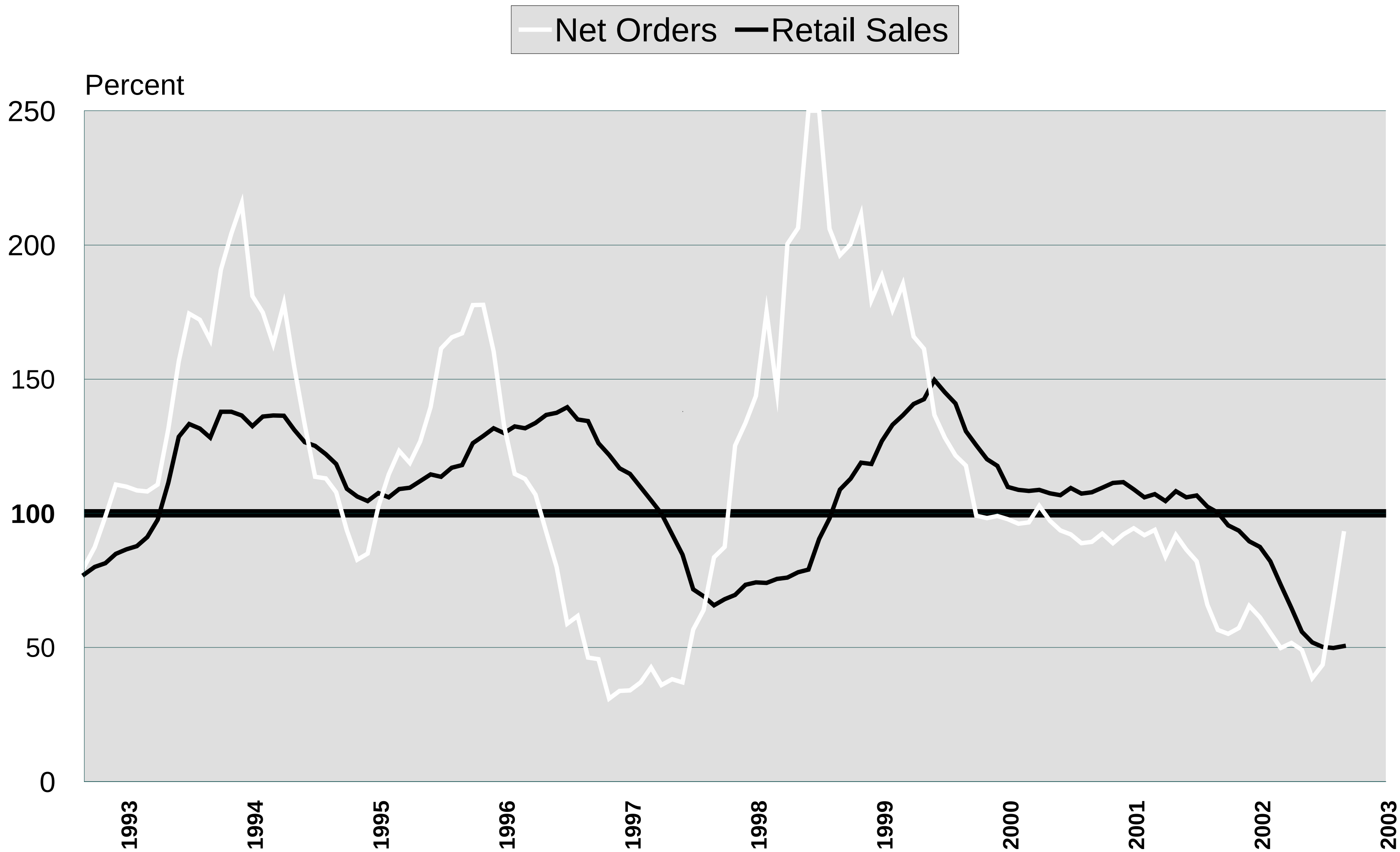
January '96 - April '03



* AS MODELED BY A.C.T. Research Co., LLC: Copyright 2003
U.S. TICG:TRAILER INDUSTRY CONTROL GROUP

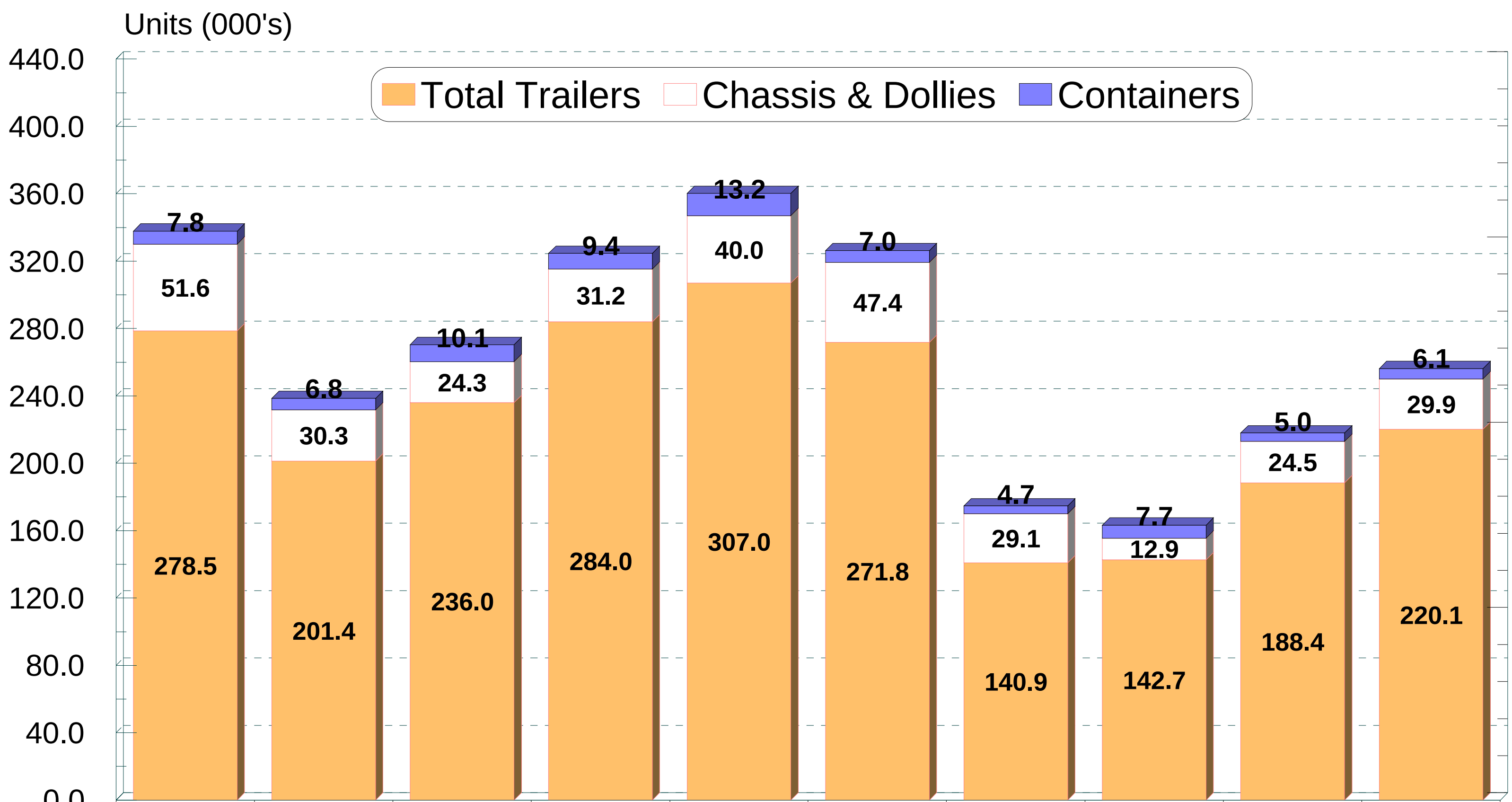
U.S. Total Trailers
3/12 Analysis

March 1993 - March 2003



U.S. Trailer Industry Shipments

1995 - 2004

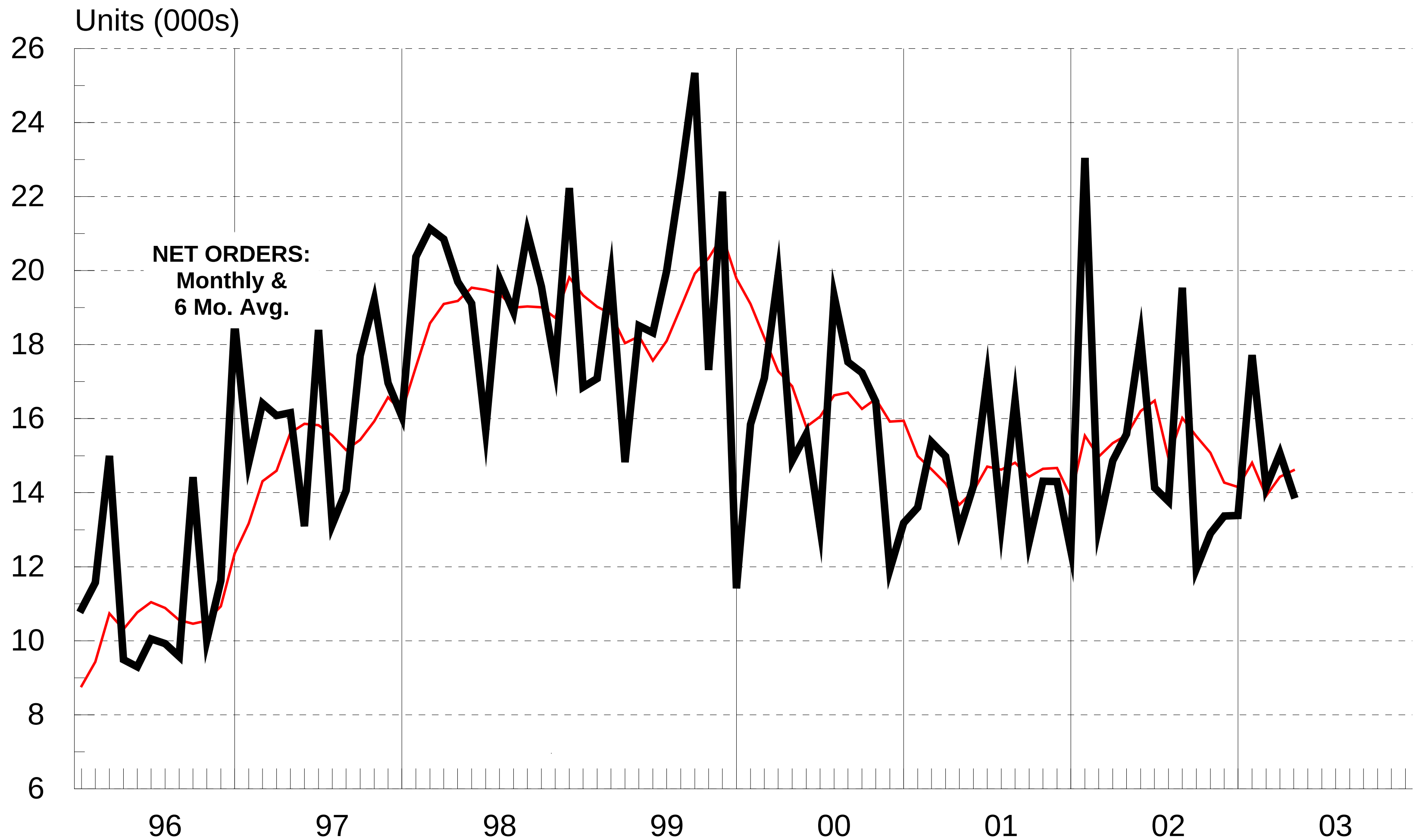


	1995	1996	1997	1998	1999	2000	2001	2002	2003f	2004f
Grand Total	337.9	238.5	270.4	324.6	360.2	326.2	174.7	163.3	218.0	256.1
% Change		-29.4	13.4	20.0	11.0	-9.4	-46.4	-6.6	33.5	17.5

Medium Duty Trucks

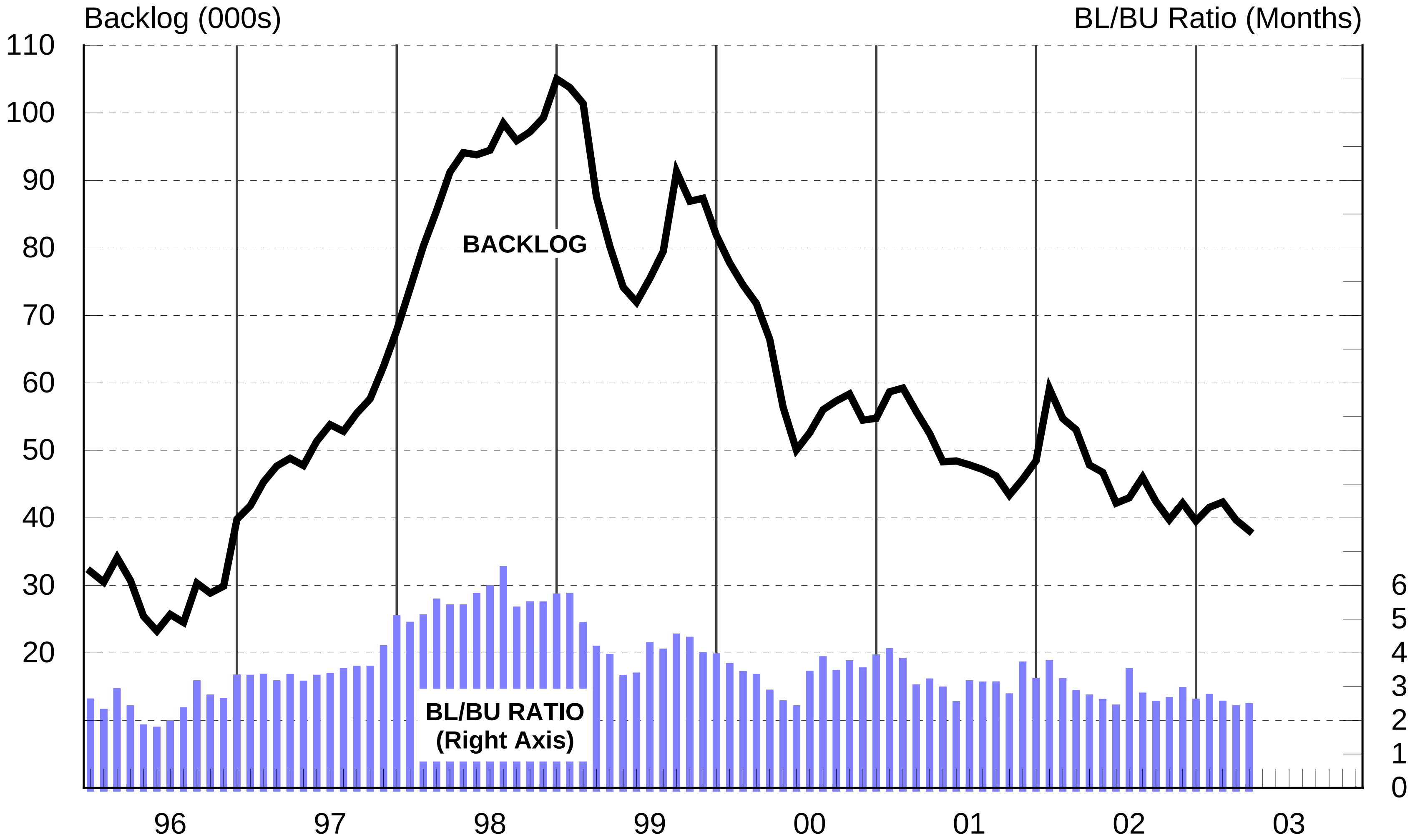
TOTAL CLASSES 5-7: N.A. NET ORDERS

January '96 - April '03 (Not Seasonally Adjusted)



TOT. CL. 5-7: N.A. BACKLOG & BL/BU RATIO

January '96 - April '03 (Not Seasonally Adjusted)

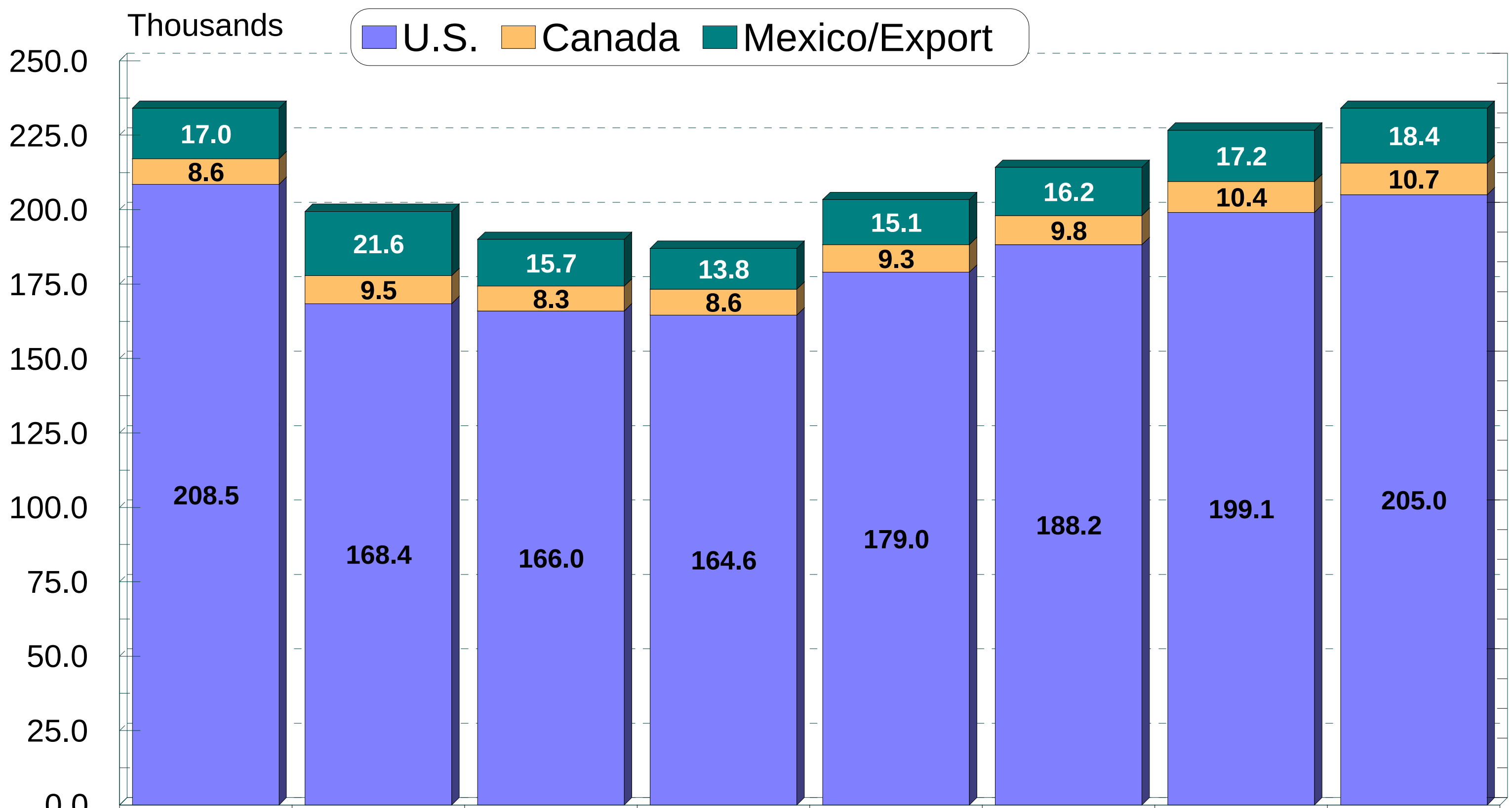


Short- to Medium-Term Outlook

- 2002 was a long year. 2003 is shaping up to be the same.
  - RVs should continue to improve over 2002
  - School bus demand will soften
  - Low interest rates should spur medium truck sales
  - State and local budget deficits will slow demand in certain sectors
- Speed of recovery for commercial vehicles will be determined by the pace of economic activity

N.A. Classes 5-7 Retail Sales

2000 - 2007



	2000	2001	2002	2003f	2004f	2005f	2006f	2007f
Retail Sales	**234.1**	**199.4**	**190.0**	**187.0**	**203.4**	**214.2**	**226.7**	**234.1**
% Change		**-14.8**	**-4.7**	**-1.6**	**8.8**	**5.3**	**5.8**	**3.3**

AMERICAS COMMERCIAL TRANSPORTATION RESEARCH COMPANY (ACTR)
Monthly Data & Forecast Services

ACTR	**Publication Schedule**
STATE OF THE INDUSTRY (SOI) REPORTS	
I. NORTH AMERICAN CLASSES 5-8 VEHICLES	Monthly
• Flash E-MAIL/Web Access to Market Indicators	16th – 18th
• Complete report with industry OEM build plan	18th – 20th
A. CL. 5-8 VEHICLES by COUNTRY: U.S. Canada, Mexico, Export	18th – 20th
B. N.A. CLASSES 5-7 BUS MARKET	18th – 20th
II. N.A. OEM CLASSES 5-8 BUILD & RETAIL SALES	Monthly
• Flash E-MAIL/Web Access to Market Indicators	16th – 18th
• Complete report	18th – 20th
A. U.S. CV Cl. 2C-8 MARKET PLANNING TOOL FOR PRODUCTS, PARTS & SERVICE	Annually
To subscribe to report # II or II A, you must also subscribe to report #I and/or #IV.	
III. U.S. TRAILERS	Monthly
• Flash E-MAIL/Web Access to Market Indicators	17th – 22nd
• Complete report with industry OEM build plan	19th – 24th
ACT PUBLICATIONS (ACTR and F.T.R. - Joint Effort)	
IV. COMMERCIAL TRUCK BUS & TRAILER INDUSTRY OUTLOOK	Monthly
• Flash E-MAIL/Web Access to seasonally adjusted Market Indicators	30th
• Complete N.A. Report (U.S. Canada, Mexico, Export) with country detail	7th – 10th Next Month
OUTLOOK SEMINARS: Private for OUTLOOK subscribers only	Spring and Fall
V. THE ROAD AHEAD – TRUCKERS AND U.S. FREIGHT	Monthly
Monthly newsletter reporting on freight, its economic drivers, the impact on trucker profitability and productivity, and other issues pertinent to the commercial vehicle industry.	21st .
ACTR and LMC AUTOMOTIVE – Joint Effort	
VI. GLOBAL COMMERCIAL VEHICLE FORECAST	Quarterly
• Quarterly reports covering top 30 countries of world with major OEM and regional summaries	Mid-month March June, Sept. & Dec.