NA Classes 5-8 Market Demand:
Best to Worst to Best to ….. ?

Ken Vieth
A.C.T. RESEARCH Co., LLC
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A.C.T. Research Co., LLC

State of the Industry (SOI) Reports:

1. NA Classes 5-8 Vehicles

1a. Classes 5-8 Vehicles by Country

1b. Classes 5-7 Bus Report

2. NA BU and RS by OEM by Country

3. U.S. Trailers (with TICG database)

4. NA Classes 5-7 Bus Market

5. Topical Studies/White Papers

The OUTLOOK,
The Road Ahead

with FTR Associates

Global Commercial Vehicle
Forecast (GCVF)

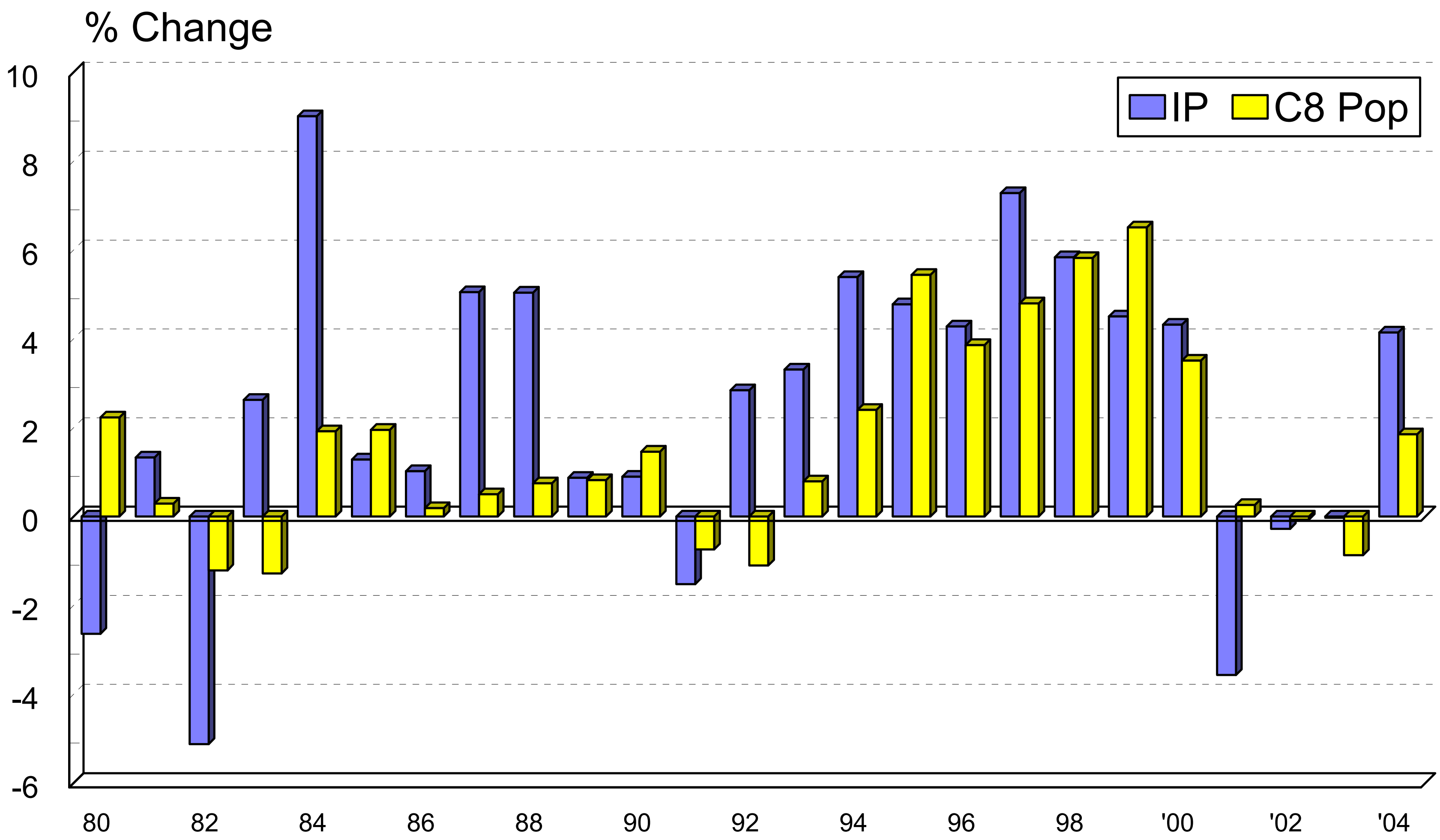
with LMC Automotive/
JD Powers

Class 8 Demand Drivers Aligned

- Recent soft-patch aside, economy still healthy
- Needed units for new freight growth
- Still working off pent-up replacement demand
- Healthy used equipment market
- Truckers making money
- 2007 EPA mandate adds sense of urgency

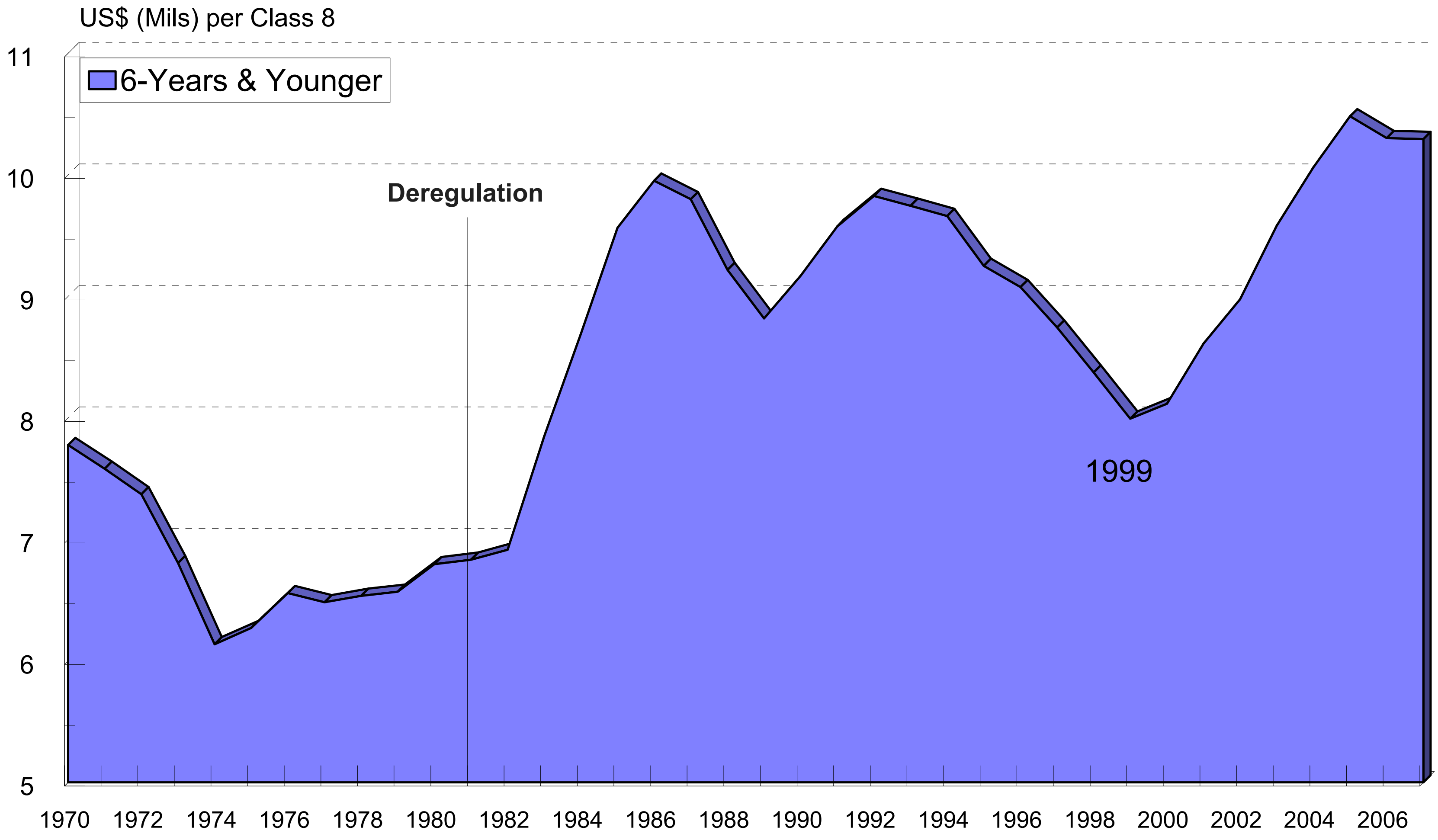
Class 8 Population & Industrial Production

Y/Y % Change
1980 - 2004



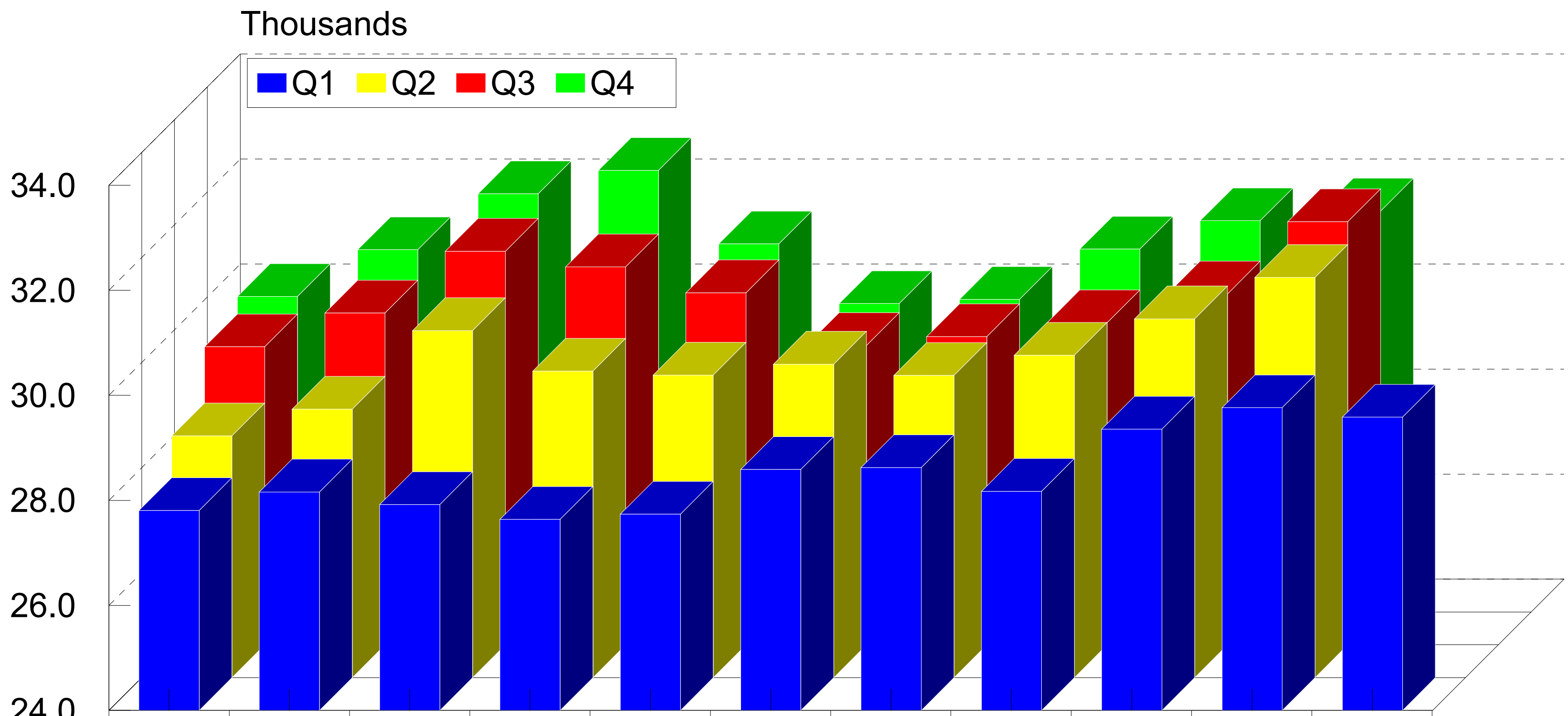
Class 8 Late Model Population: Real GDP per Tractor

1970 - 2007f



TL Carrier Database:
Average Miles Per Tractor

Q1'95 - Q1'05



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Q1	27.8	28.2	27.9	27.6	27.7	28.6	28.6	28.2	29.4	29.8	29.6
Q2	28.6	29.1	30.6	29.8	29.8	30.0	29.8	30.1	30.8	31.6	
Q3	29.7	30.3	31.5	31.2	30.7	29.7	29.9	30.1	30.7	32.1	
Q4	30.0	30.9	32.0	32.4	31.0	29.9	30.0	30.9	31.4	31.6	

Record Demand Years of 1990s Hit Critical Mileage Points:
Signaling strong replacement demand

Truck Age (Yrs)	Sales Year	Cumulative Miles* (000s)	Class 8 RS: US, Can, Mex** (000s)	Comments
Source:			(ACTR)	
1	**2004**	117	252.5	
2	**2003**	232	**178.9**	Steady used
3	**2002**	348	**175.3**	equipment
4	**2001**	464	**166.8**	valuations
5	**2000**	580	**252.1**	
6	**1999**	**699**	**303.8**	Steep jump in
7	**1998**	**818**	**251.1**	operating costs.
8	**1997**	937	214.0	
9	**1996**	1,055	193.1	
10	**1995**	**1,171**	**228.5**	Loss of 1st tier
11	**1994**	**1,289**	**213.2**	economic viability
12	**1993**	1,404	178.3	

* Cumulative miles derrived from ACTR's Publicly Traded Carrier data.

** Data excludes export sales volumes

PREBUY RECAP

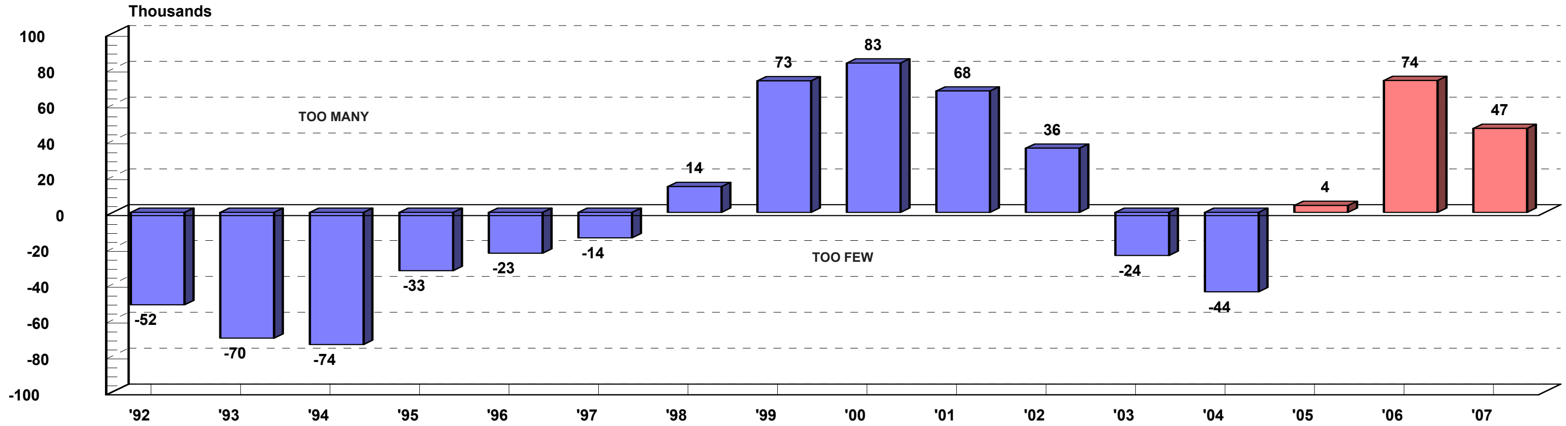
	Flat Freight Rates	Higher Freight Rates
Old Engine Costs		**Winners**
New Engine Costs	**Losers**	

Prebuy: Then and Now

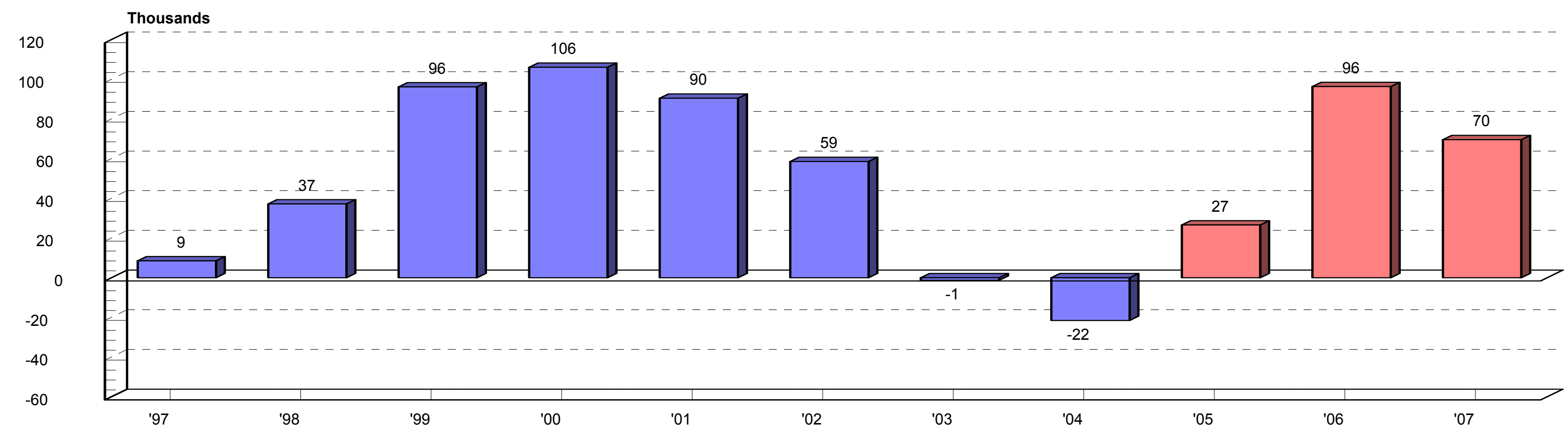
- Pre-2002
  - Profitability collapse
    - Overcapacity and freight rate decline
    - Asset values fall
    - Failures soar
    - Capital evaporates
  - Complacency
    - Previous mandates generally improved engine life and MPG
- Pre-2007
  - Profit Plateau
    - Equipment valuations strong
    - Freight rates continue double-digit y/y growth in Q1
    - Truckers generating strong profits
    - Drivers are capacity limiting factor
  - Truckers on alert
    - not willing to give manufacturers benefit of doubt a second time

Cumulative Over/Underbuy: U.S. RS Relative to GDP

1992 - 2007e



1997 - 2007e

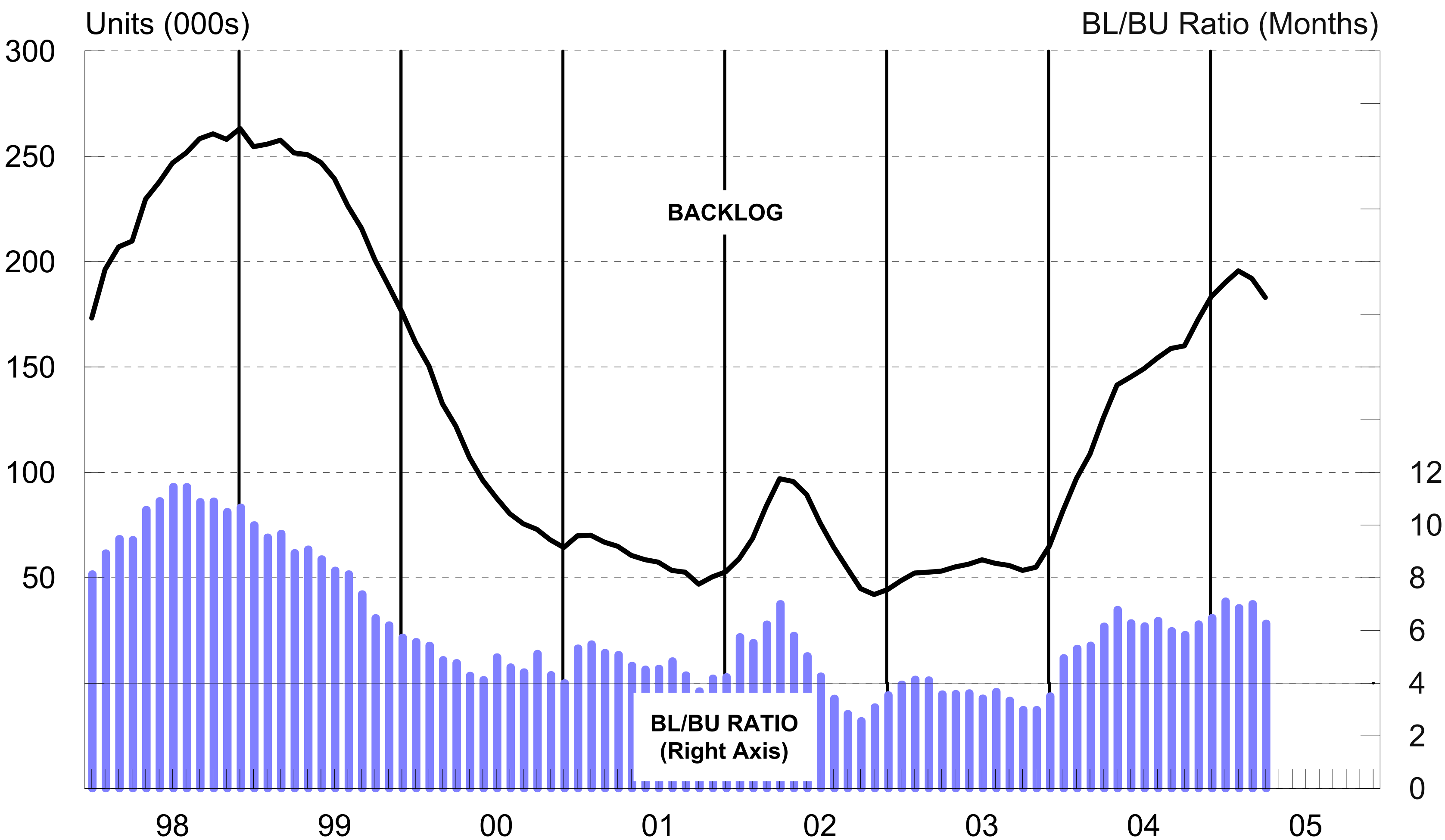


CLASS 8 MARKET INDICATORS

- Class 8 orders experience temporary softening
- Cancellations remain on trend at low levels
- Backlogs down in March and April
- Build rates move to new plateau in April
- Retail sales following build higher
- Inventories rising on absolute and relative basis

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

January '98 - April '05 (Not Seasonally Adjusted)



Build Timing of Units in Backlog: as of April 30, 2005

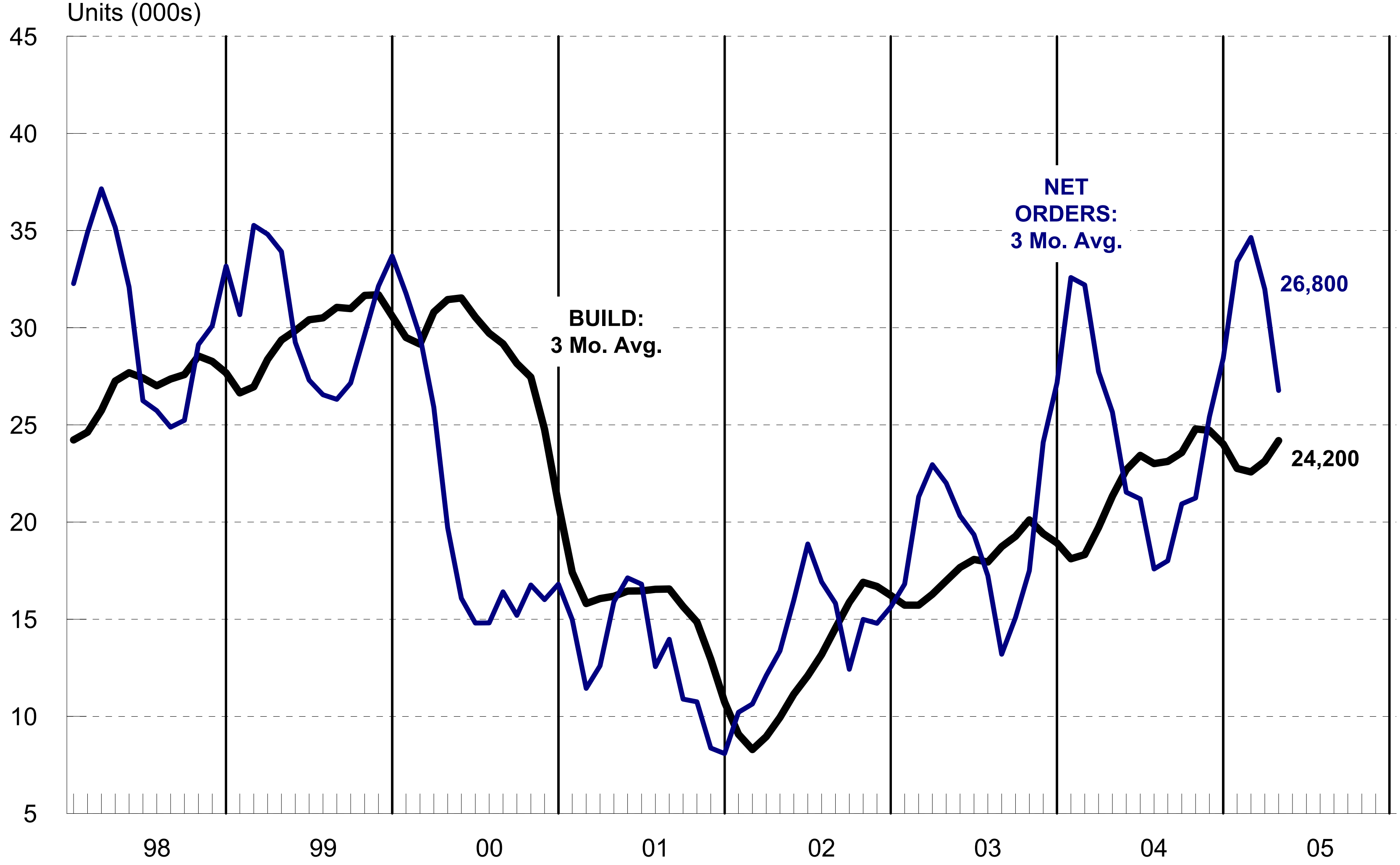
CLASS 8	Bal. Q2 '05 May-Jun.	Q3 '05 Jul.-Sep.	Q4 '05 Oct.-Dec.	Beyond 8 Months	TOTAL
BACKLOG DISTRIBUTION	**50,976**	**65,335**	**45,895**	**20,766**	**182,972**
. Mix by scheduled build date	27.9%	35.7%	25.1%	11.3%	100.0%
OEM BUILD PLAN	**59,619**	**84,982**	**82,300**	--	--
. Open build slots	**8,643**	**19,647**	**36,405**	--	**64,695**
. % Open	14.5%	23.1%	44.2%	--	--

Class 8 Summary

- Class 8 demand should boom through 2006
  - Units to cover new freight growth
  - Strong replacement demand
  - Truckers on top of profit cycle (plateau?)
  - Trucker desire to initially avoid 2007 engines
- Big questions for 2006 and 2007:
  - How strong will demand be following recent price hikes?
  - How much capacity will the supplier base add to address strong demand for Class 8 ahead of EPA ‘07?
  - Where will the economy be in late 2006/early 2007?

TRAILER INDUSTRY NET ORDERS & BUILD*

January '98 - April '05



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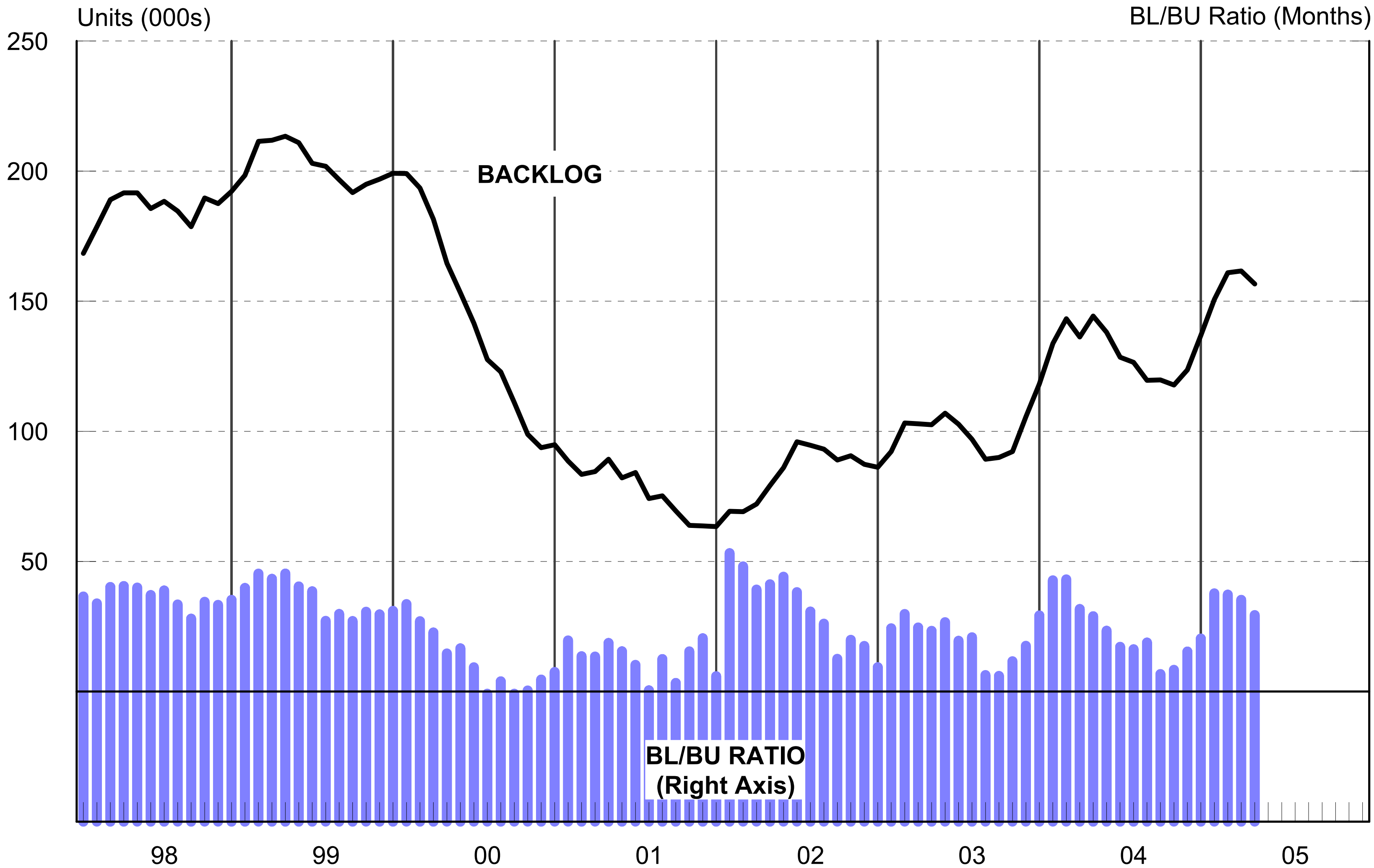
U.S. TICG:TRAILER INDUSTRY CONTROL GROUP

TRAILER INDUSTRY BACKLOG & BACKLOG/BUILD RATIO*

January '98 - April '05



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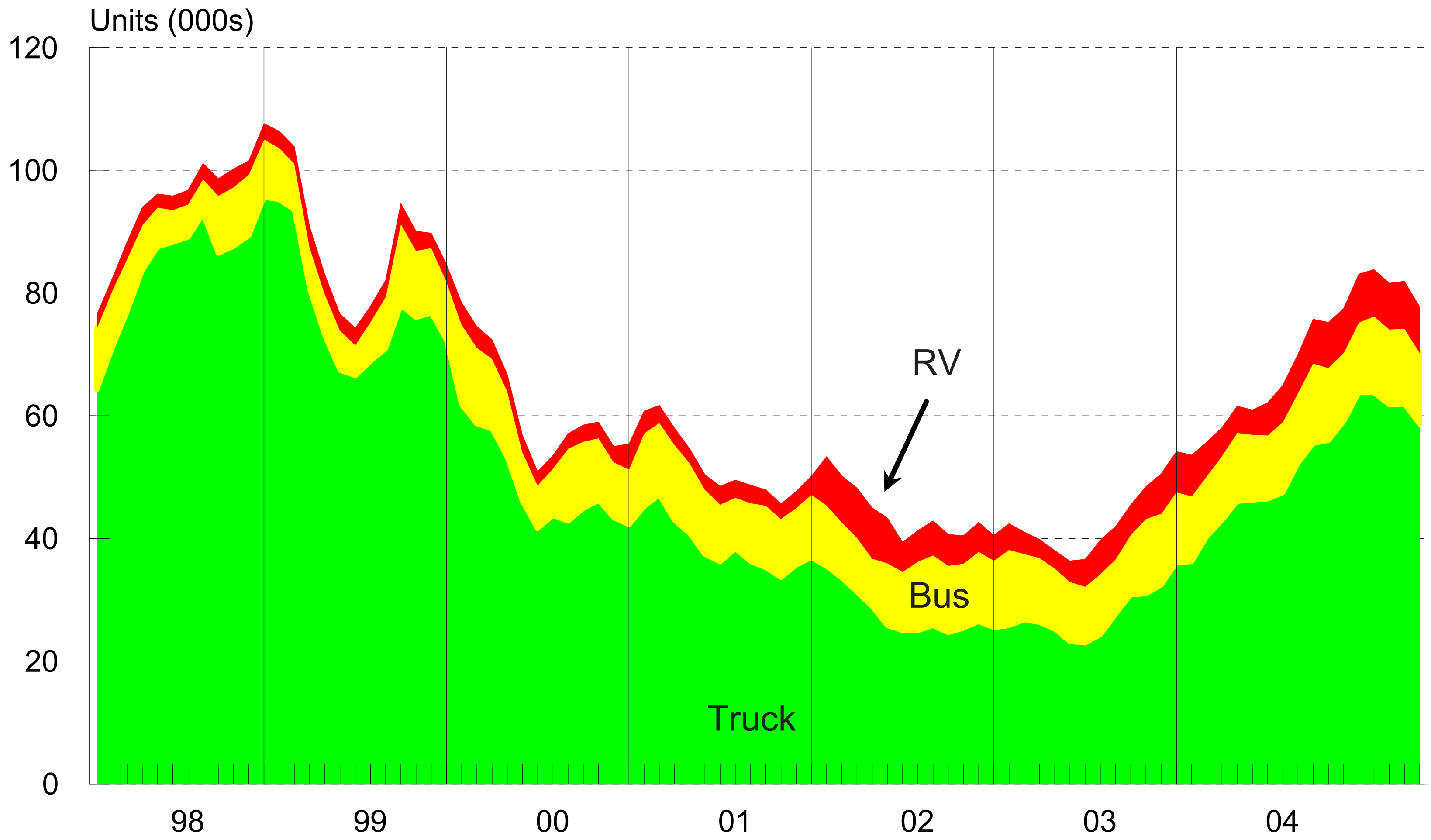
U.S. TICG:TRAILER INDUSTRY CONTROL GROUP

Classes 6-7 Trucks

TOTAL CLASSES 5-7: N.A. BACKLOG

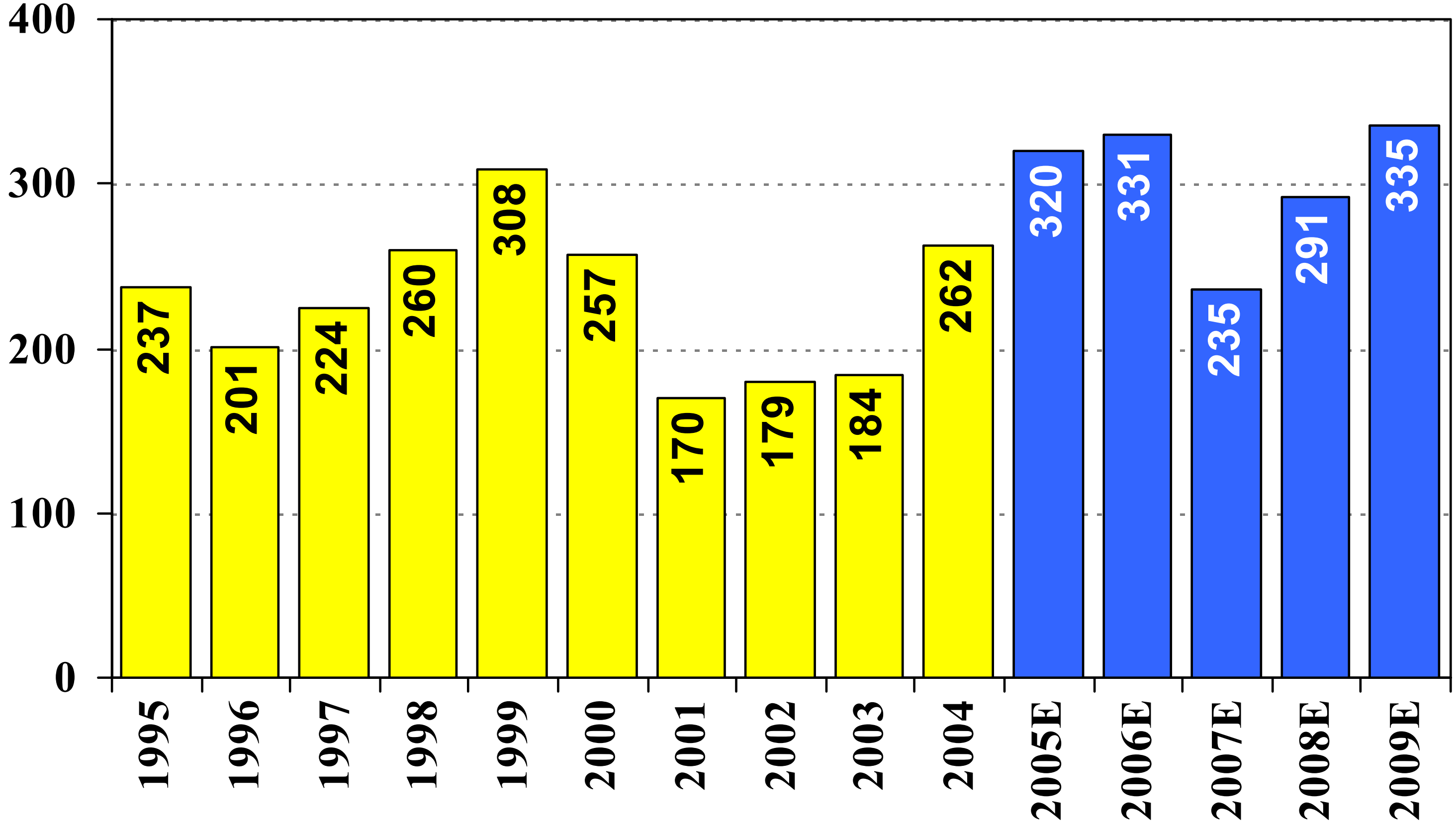
April '98 - April '05 (Not Seasonally Adjusted)



Issues Impacting Classes 5-7 Demand

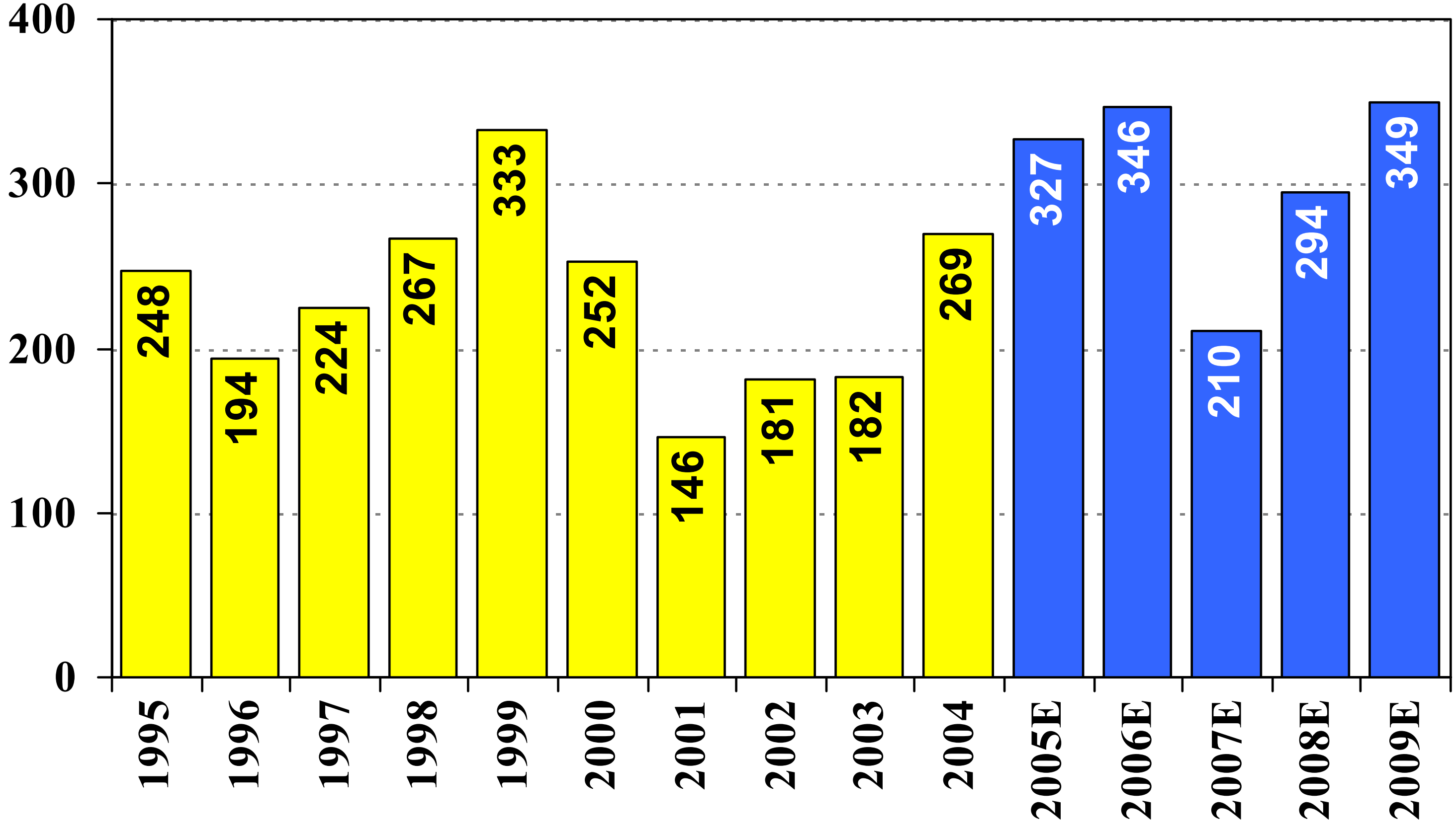
- 2007 emissions still an unknown, impact may be minimal
  - Expect a perceptible impact in 2005 and 2006
  - Greatest impact could be from sticker shock
  - Buy to support business. If need a truck and have the $.....
- If demand increases, OEMs will likely have to compete for resources and capacity

Long-Term: N.A. Cl 8 Retail Sales



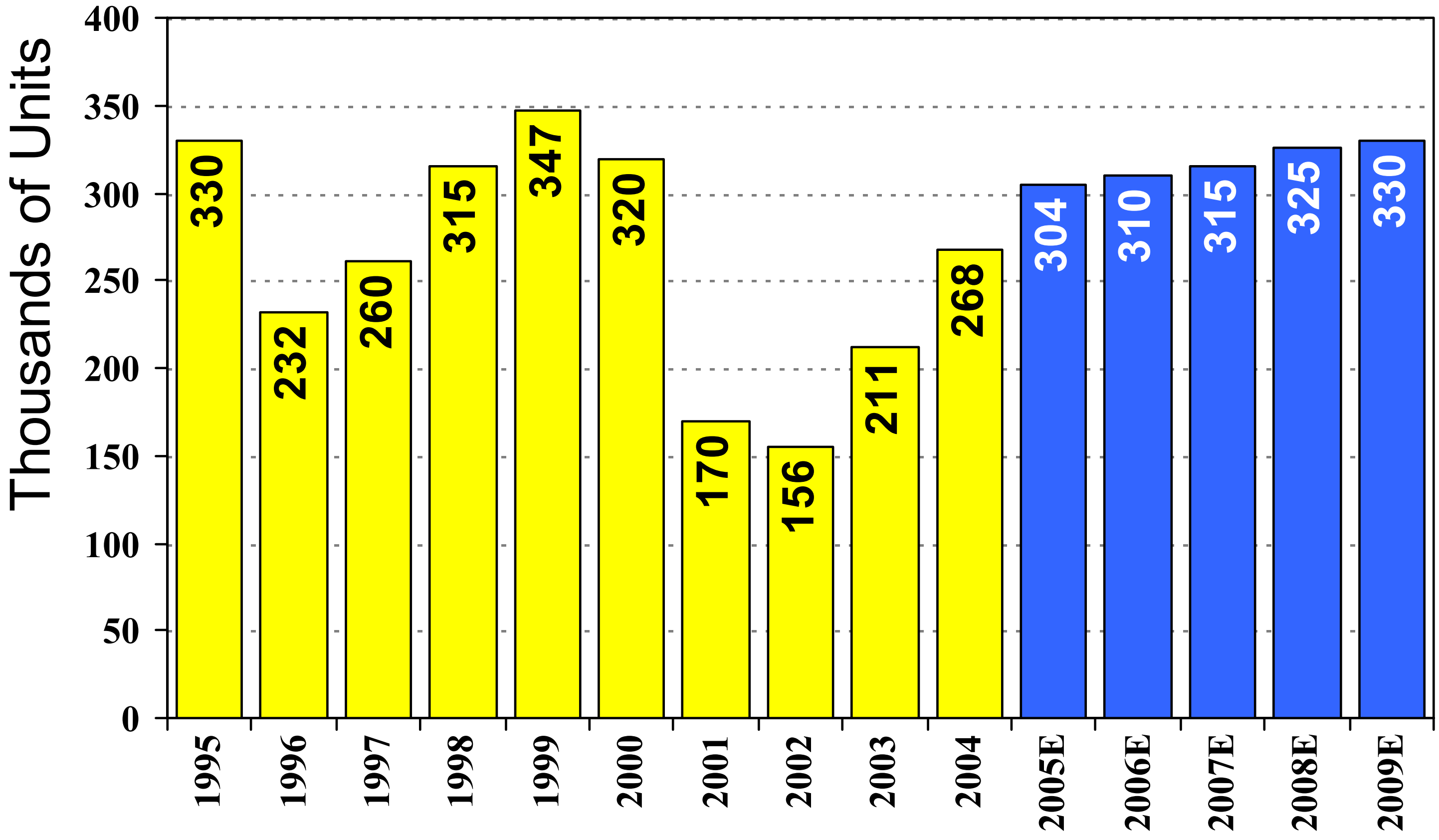
Source: ACT Publications, FTR Associates, ACT Research

Long-Term: N.A. Cl 8 Production



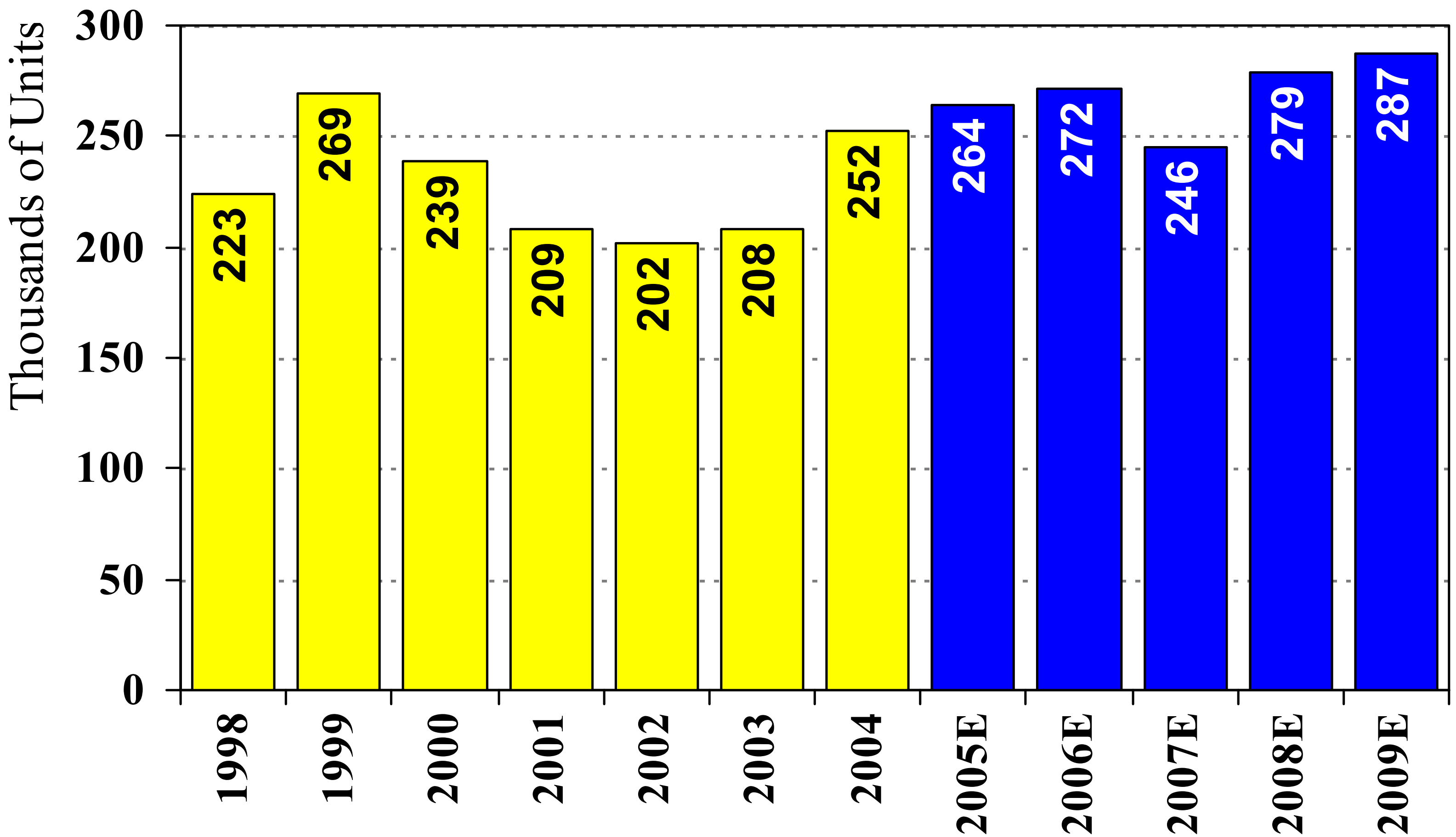
Source: ACT Publications, FTR Associates, ACT Research

Long-Term: U.S. Trailer Factory Shipments



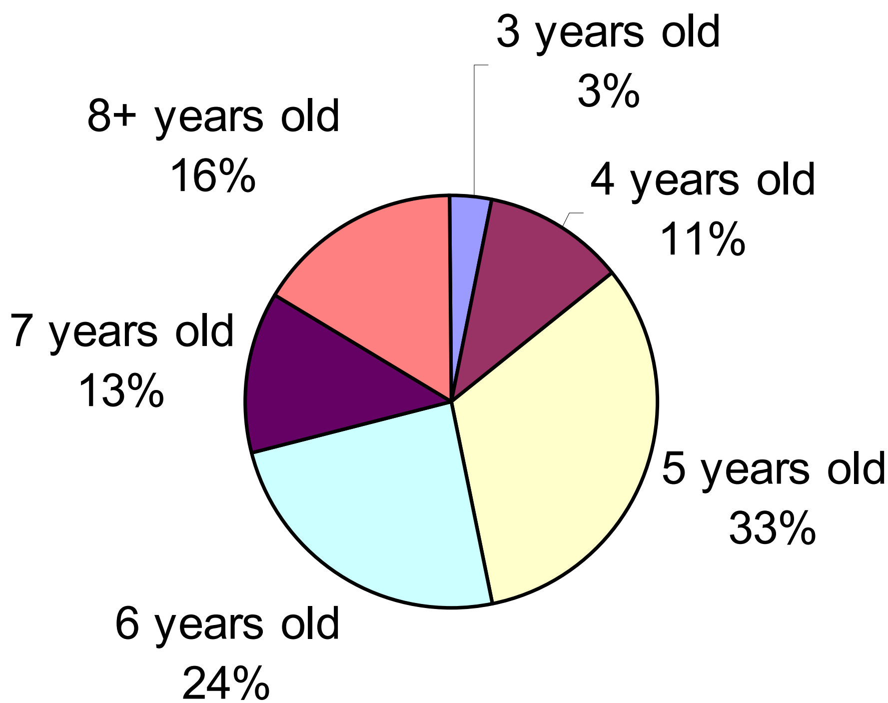
Source: FTR Associates, ACT Publications, ACT Research

Long-Term: N.A. Cl. 5-7 Retail Sales

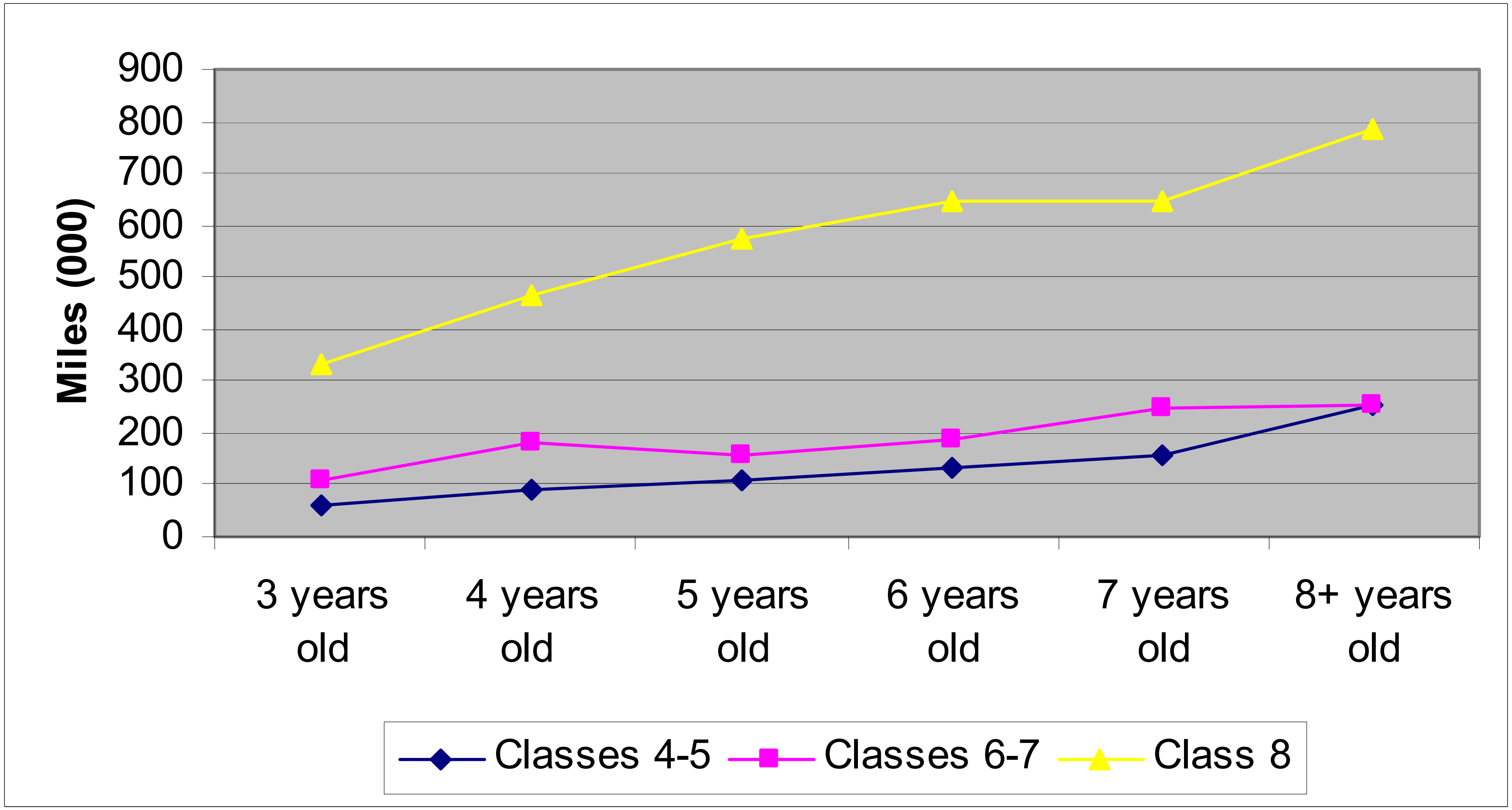


Source: FTR Associates, ACT Research

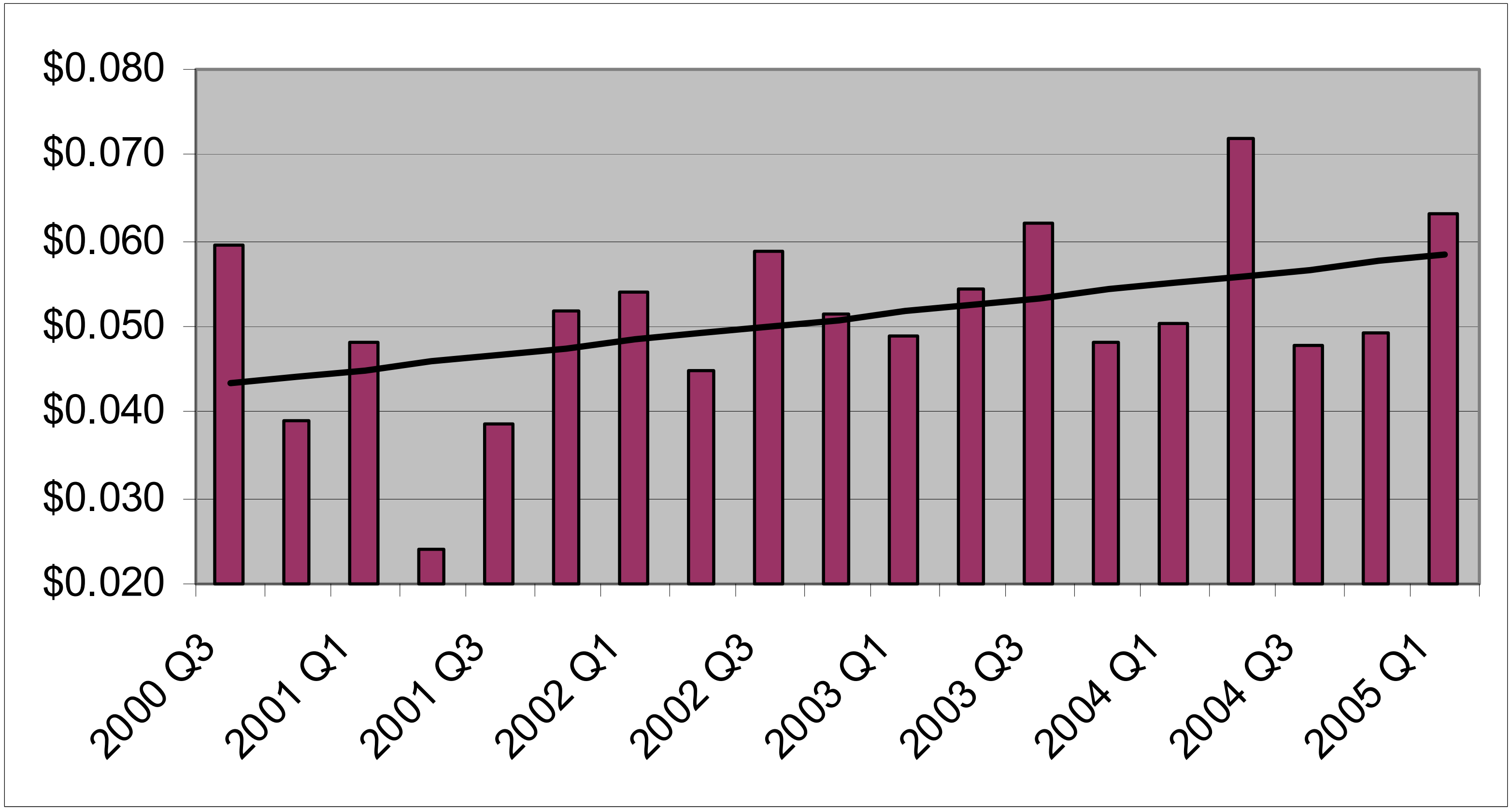
Classes 4-8 Used Trucks Sold by Respondents: 2004



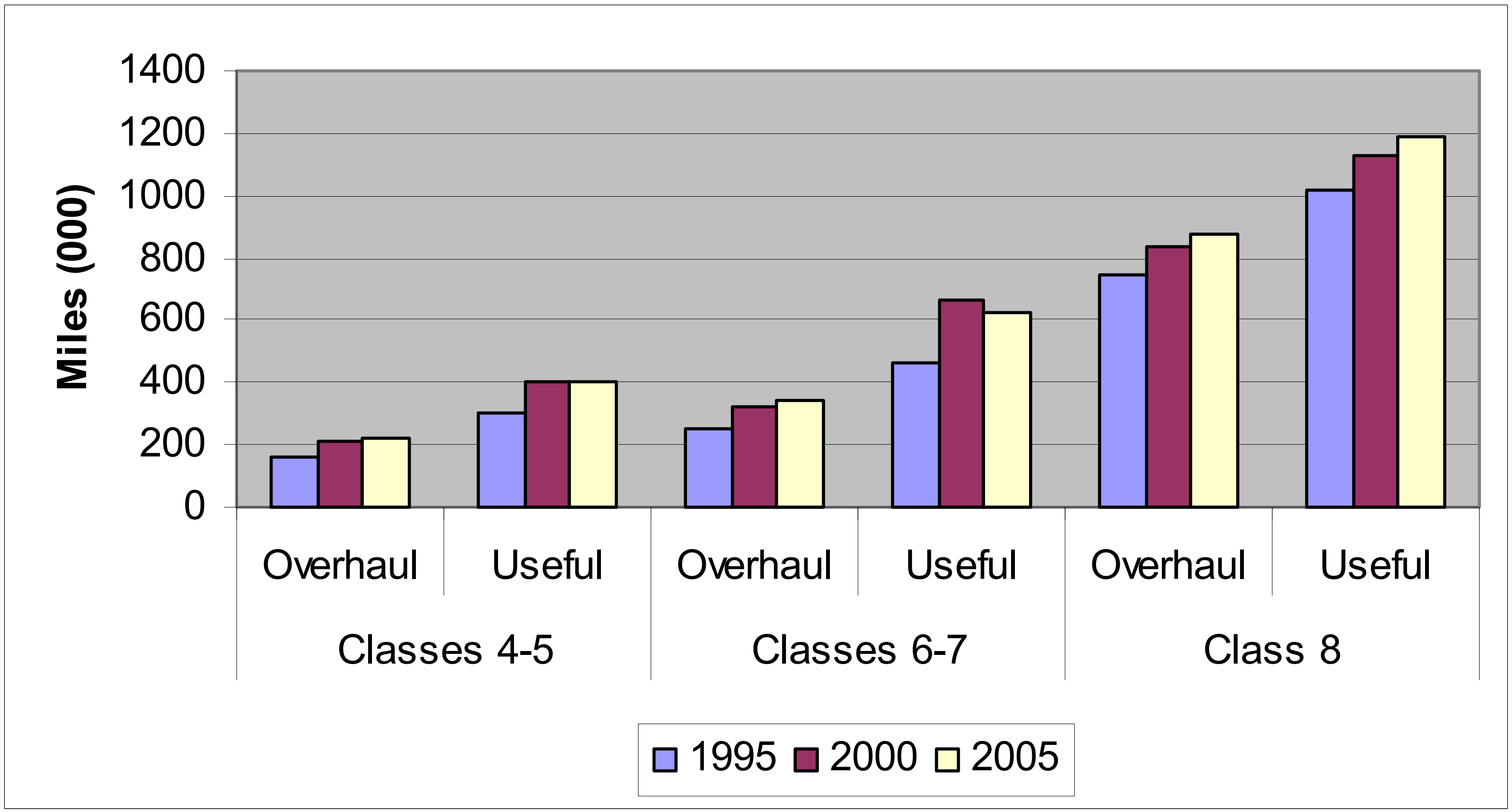
Average Mileage of Classes 4-8 Used Trucks Sold by Respondents:
2004



Average Selling Price per Mile Class 8 Wholesale



Expected Miles to Overhaul/ Useful Life



Potential US Class 8 Used Truck Market?

(000)	2004	2005	2006	2007
US RS (New)	210	254	263	186
US Class 8 Used Sales Estimates				
From Survey	219 (130-300)	265	274	194
Weaker Economy		285	295	200
Stronger Economy		235	255	185

Class 8 First Trade Cycle Changes Due To 2007/2010 Emissions

- Respondents are:
  - Shortening from 5.9 to 4.6 years
  - Lengthening from 4.4 to 6.3 years

When buy again if buy in 2005/2006?					
	2005-06	2007	2008-09	2010	2011+
Short Trade Cycle	Yes	No	Yes	No	Yes
Long Trade Cycle	Yes	No	No	No	Yes

ACT RESEARCH