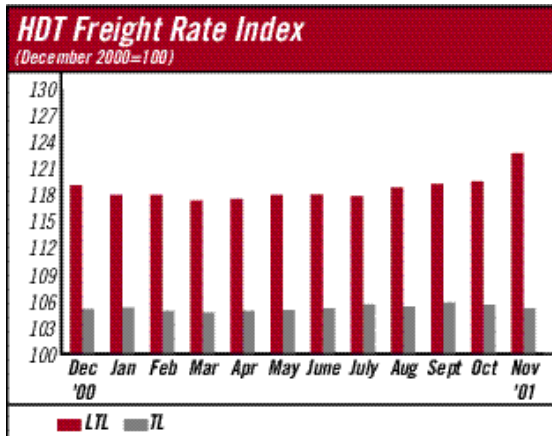
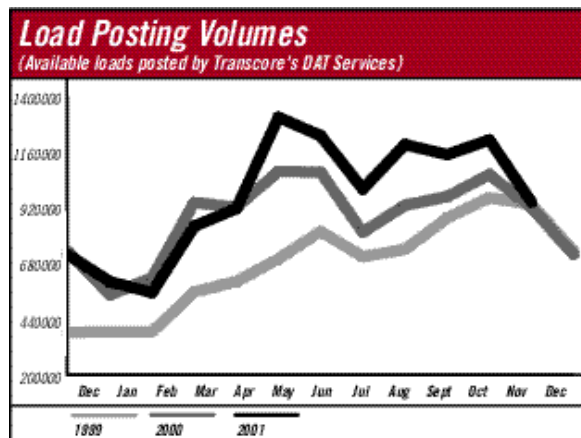


FREIGHT MARKET

Downgrading of U.S. 3rd quarter GDP decline from -0.4% to -1.1% should be interpreted as evidence that more of the economic problem is now behind us, says Newport economist Jim Haughey. That's because the revision was largely due to higher than estimated inventory reduction. Inventories fell again in Oct. & surveys suggest further decline in Nov., he notes. "The odds have risen to better than 50-50 that GDP will increase in the 1st quarter of '02. It may even increase in the 4th quarter if holiday sales are strong enough."

U.S. freight volume declined at a 5% annual pace in the 3rd quarter, about the same as the 2nd quarter decline. 2001 volume is off 5.2% compared to 2000. The problem: consumer purchases continue to grow slightly but exports fell 12% in the last 12 months & business equipment purchased dropped nearly 10%.

3 months of more modest rate increases driven by rising fuel costs. The big November increase, while diesel prices were declining rapidly, is most likely a combination of "normal" annual rate adjustments plus post-September 11th security-related surcharges.

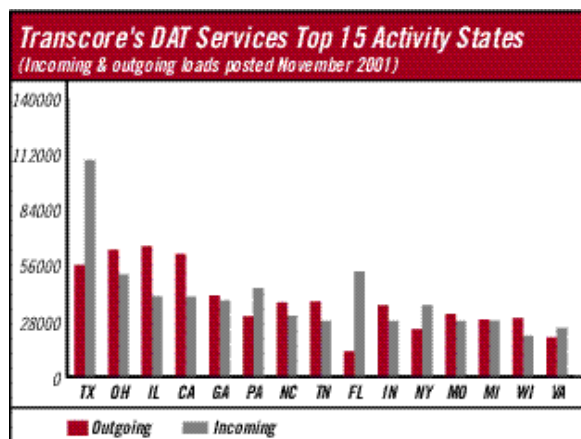


Rail rates soared 4.7% in Oct., then lost 1/3 of the gain in Nov., but the higher prices provide some cover for motor carriers to post rate increase, Haughey says. With border & inspection delays now lessening for trucks, rate increases should slip back to the 1-2% annual range until there is a significant pickup in freight volume. He expects TL rates to rise 1.7% in '01 & '02. LTL rates will gain 4.2% in '01 & 3.5% in '02.

Freight demand will likely slow even more in 4th quarter, then start increasing in 1st quarter '02. Haughey predicts that volume next March will be close to the June 2000 level. An overall 2% gain is expected next year but the growth pace will accelerate from under 2% at the start of '02 to over 6% by year-end.

LTL rates surged 2.7% in Nov. while truckload rates slipped 0.4%. TL rates have been moving up & down in a narrow range most of the year and will end the year barely above the previous Dec., he notes. The sudden rise in LTL rates comes after

The seasonal load posting decline started in Nov. with a 22% drop from Oct., says DAT Services Market Research Analyst Brian Rollins.

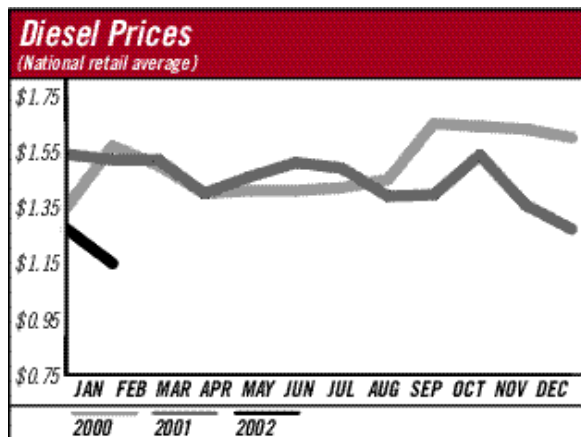


HOTLINE

More seasonal drops are expected in Dec. & Jan. Ohio, Illinois, California, North Carolina, Tennessee & Indiana had the best combination of high volumes & outgoing/incoming ratios.

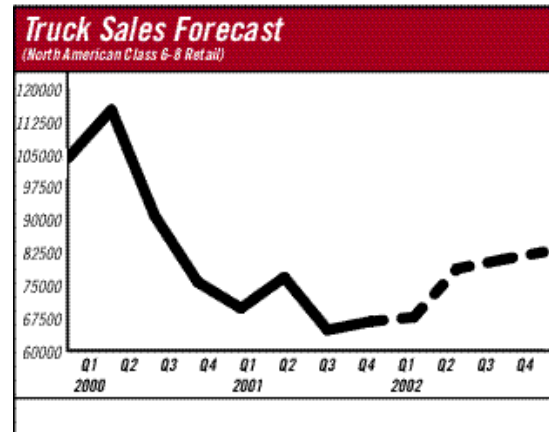
DIESEL PRICES

"Give credit to our new friends in Russia for most of the recent decline in diesel fuel prices," Haughey says. Their 2-month delay in agreeing to OPEC production cuts was possibly punishment for financing terrorists in Russia & some other former Soviet republics. Cuts are now scheduled for Jan. 1, '02. Even if production is reduced – which may or may not happen – he expects diesel prices to stay near or under \$1.30 through the winter. But trucking needs to remember what happens to diesel prices when the economy gets back to average or above average growth, Haughey warns. If the economy starts its comeback in 6 months, as some expect, slow production reactions by OPEC could again bring shortages. Thus diesel prices could rise steadily during '02.



SALES TRENDS

U.S. Class 6-8 retail sales totaled 17,839 in Nov., down sharply from 25,127 in Oct., but most of the decline was the usual seasonal downturn, Haughey says. Seasonally adjusted sales slipped from 23,900 to 20,700. Even a small decline in Dec. would make 4th quarter '01 the first "up" quarter since the end of '99, he notes. "This is consistent with reports that other markets hit early & hard this recession, such as electronics, have also had small sales gains at the end of the year." 2001 projection: 278,000 units, down more than 100,000 from 2000.



Slow recovery in '02 should boost annual sales to 309,000 units & the year should end at a 335,000 unit sales pace, he predicts. In early '02 the major sales restraint will shift from surplus truck capacity & available used trucks to the relatively slow growth of freight volume.

3rd quarter trailer shipments totaled 35,080 units, down 44.5% from 3rd quarter 2000, according to latest survey by Economic Planning Associates. All types but drop frames suffered major declines through Oct., says Peter Toja, president. Deliveries of dry freight vans in the first 9 months of '01 were 53.8% below the same period last year. Platforms, the major non-van segment, were down 48.4%.

2001 total trailer deliveries are projected at 148,450 units, down 44.2% from 2000. '02 forecast: 163,150. Analysts say steady quarterly advances through the year should increase backlogs & set the stage for stronger growth in '03. Contact: Economic Planning Associates, (631) 864-4900.

Economic slowdown will hurt demand for some medium & heavy duty specialty trucks, but continued need for garbage, beverage, utility & emergency vehicles will help the industry weather the trend, says a new report from Frost & Sullivan. "Some segments of the specialty truck market are not immediately affected by the cycles of the economy," says industry analyst Alfonso Corredor. "The current downturn of the N. American economy has not yet reduced demand for urban service trucks like refuse collectors, sweepers, sewer cleaners, firefighters & ambulances." Contact: www.transportation.frost.com.

Volvo Global Trucks delivered 127,661 units Jan-Oct. vs. 151,104 same period 2000. Order intake was down 37% in N. America, 2% in Europe, 11% worldwide. N. American deliveries, including Volvo & Mack, totaled 29,456, down 39% from last year. Other regions: Western Europe down 8%, Eastern Europe up 10%, S. America up 19%, Asia down 13%.

FINANCIALS

Despite 3 consecutive profitable quarters, Navistar International posts \$23 million loss on \$6.4 billion sales & revenues for fiscal 2001, ending Oct. 31 vs. \$159 million profit on \$8.2 billion for fiscal 2000. Chairman/President/CEO John Horne says they were on track to be profitable for the year, but Sept. 11 "further weakened the economy, hampered our ability to get materials to our manufacturing sites on time, drove up costs and even caused some customers to defer orders." 4th quarter income was \$7 million on \$1.8 billion vs. a \$105 million loss on \$1.9 billion in 4th quarter 2000.

International shipped 43,700 Class 6 & 7 trucks worldwide, 20,800 school buses, 25,100 Class 8, 394,300 engines in 2001 vs. 56,500 medium trucks, 23,400 buses, 45,000 Class 8, 392,900 engines in 2000. Engine shipments this year included 42,200 units from Maxion Motors, renamed International Engines S. America after Navistar became sole owner last year.

"The truck market in N. America remains weak and this trend is expected to continue for at least another 12 months," says Horne. "Pricing on new and used trucks remains soft and will remain a challenge for the industry." Navistar forecasts a 6% drop in U.S./Canada medium & heavy retail sales in fiscal '02, but expects industry production to increase some since inventories have been reduced.

EXECUTIVE VIEW

Aftermarket parts & service suppliers should get ready for an onslaught of business when the economy starts to pick up, says ArvinMeritor execs. Reason: recession & freight slowdown forced many fleets to park older trucks. When things start rolling again, they'll need to get those under-maintained vehicles back on the road.

Longer lasting components means most major work is done by the 2nd or 3rd owner, says Mark Purtilar, senior vp/gen. mgr., ArvinMeritor Americas Aftermarket. Parts costs in first 5 years has dropped from up to \$18,000 for a truck built in '91 to \$11,700 for one built today. Repair/replacement costs peak with the 2nd owner in 4-6 years, again with the 3rd owner at year 7 or later. Some big ticket jobs, like axle replacement, don't come until year 9 or later. Average age of heavy-duty truck on the road: 6.9 years in 2000, 5.9 years in mid-2001, 6.2 years now.

Commercial Vehicle Systems President Tom Gosnell says ArvinMeritor has the best return on investment in the U.S. heavy duty aftermarket & is one of the top 3 aftermarket businesses in the U.S. Strategy is to provide one-stop shopping for all heavy-duty aftermarket parts. Company says 52% of its sales are through OE channels, 45% independents, 3% "other," including govt. sales. Some 21% of its business is reman products. Company says it does well with national fleets, next big push is regional carriers. Growth area: *XpresswayPlus.com* Internet catalog & parts sales site.

ALLIANCES & ACQUISITIONS

Fontaine Trailer buys the assets of **Ravens Inc.** from **RVM Industries**. Ravens will keep its name & operate as a Fontaine div. **Ford & Caterpillar** to jointly develop & market a logistics info system to speed delivery of service repair parts.

The Haldex Group buys **Anchorlok** air brake actuator & Neway suspension control valve businesses from the **Holland Group**. **Grand Vehicle Works Holdings** buys call center & warehouse operations of **Transportation Components Inc.**, forms **UpTime Parts** targeting walk-in van fleets.

NEW BUSINESS

Hyundai Motor Co. to offer former **Bering** dealers franchises for Class 4-6 trucks to be marketed in the U.S. starting sometime in '02. Bering's contract to distribute Hyundai-built trucks was cancelled after **Hyundai & DaimlerChrysler** formed a commercial vehicle joint venture. Bering has ceased operations & lawsuits on both sides are pending. Hyundai says it has been voluntarily providing Bering dealers with parts & warranty sup-

HOTLINE

port.

Cummins Westport to market natural gas engines in Europe starting 2002. Company says it will submit its C Gas Plus 8.3 liter model for Euro III certification sometime next spring. It also expects to certify its 5.9 liter B5.9G.

Volvo Trucks N. America gets contract from Oak Ridge National Laboratory to evaluate new trailer aerodynamics technology developed by Georgia Tech Research Institute. **Great Dane Trailers & Volvo Technology of America** aid in the testing, set to be finished by summer '02.

Peterbilt to offer the **Cummins ISX** 530 hp engine in its 387, 379, 378 & 357 models.

Kenworth to offer the **Cummins Signature 600, Cummins ISX & Caterpillar C-16** 600 hp engines for its **T2000** on-highway model.

Petro Stopping Centers to sell **Yokohama** commercial tires & service Yokohama national accounts.

G.E. Capital Fleet Services to offer **@Track Communications'** Minorplanet Vehicle Management Information technology to its lease customers. City of Tacoma, Wash., using vegetable-based **World Energy's Envirodiesel** in 80 refuse & recycling trucks. **Gasel Transportation Lines**, Marietta, Ohio, to equip its 120 truck fleet with **Aether MobileMax2** wireless communications systems.

TRANSITIONS

Bridgestone/Firestone Inc. Corp. reorganizes N. American operations, forming **Bridgestone/Firestone Americas Holding Inc.** Bridgestone/Firestone N. America will be an operating subsidiary responsible for consumer, commercial truck & bus, agriculture & off-road tires. BFAH Chairman/CEO/President **John Lampe** is also chairman/CEO of BFNA. **Isao Togashi** is vice chairman/president.

Company owned consumer & commercial tire stores come under Bridgestone/Firestone Commercial Operations. **Larry Magee** is chairman/CEO/president. Other subsidiaries: BFS Diversified Products (non-tire operations), Bridgestone Metalpha USA (steel cord used in tires), and Bridgestone/Firestone Latin America.

Dana merges its Engine Systems & Fluid Systems

units as Engine & Fluid Management Group led by **Mike Laisure**, former head of Dana's Fluid Systems Group. The axle manufacturing operations of Dana's Off-Highway Systems Group will be integrated with those of its Commercial Vehicle Systems unit, reporting to **Rick Clayton**, group president. The company's off-highway sales, marketing, assembly, systems engineering & transmission manufacturing functions continue to report to Off-Highway Systems President **Nick Cole**.

Trailmobile Trailer files for Chapter 11

bankruptcy protection, closes Jonesboro, Ark., plant — one of two in the U.S. Trailmobile Trailer Canada is not included in the filings.

Rising costs blamed for price hikes by major tire makers. **Bridgestone/Firestone** to boost prices up to 3% on its Bridgestone & Firestone commercial truck tires, as well as passenger & light truck tires. **Goodyear** will raise prices up to 3% on its medium commercial Goodyear brand tires & up to 5% on **Dunlop, Kelly & Steelmark** brands.

Michelin will increase prices 6% on car & light truck tires.

FINANCE & LEASING

Leasing accounts for just under 30% of class 8 acquisitions, according to new Equipment Leasing Assn. study. Full-service leasing buys 17.3% of Class 8 trucks, finance leasing (non-maintenance leases through banks or finance companies) accounts for 8.9%, OEM-sponsored lease programs get 3.6%. In Class 6 & 7, leasing accounts for just over 24% of new vehicle acquisitions: 18.7% full-service lease, 4.4% finance lease, 1.3% OEM sponsored. Trailers: 22.8% full-service lessors, 8.1% finance lease, 0.6% OEM sponsored lease programs. Contact: ELA, (703) 527-8655 or www.elaonline.com.

ASSOCIATIONS

Heavy Duty Manufacturers Assn. Heavy Duty Dialogue set for Feb. 11-12, Atlanta Airport Hilton & Towers. Speakers: **Steve Keate**, truck group president, International Truck & Engine; **Frank Sheehan**, vp, Dana Commercial Vehicle Systems, **W.R. Timken**, chairman/CEO, The Timken Co., **Gary McManus**, vp, J.P. Morgan; **Doug Condra**, sr. vp & publisher, *Heavy Duty Trucking*. Contact: Jim Conner or Ro Olson, (919) 549-4800 or

hdma@mema.org.

Technology & Maintenance Council looking to boost attendance at its 2002 Annual Meeting & Transportation Equipment Exhibition with special registration rates for certain motor carrier attendees & "trading card" game linked to exhibition visits. Meeting will be March 5-8 at the Greater Ft. Lauderdale/Broward County Convention Center. Contact: (703) 838-1763 or <http://tmc.truckline.com>.

National Truck Equipment Assn. 2002 Membership Roster & Product Directory lists 1,600 companies that manufacture, distribute, install, sell & repair commercial trucks, truck bodies, truck equipment, trailers & accessories. Contact: (800) 441-NTEA or www.ntea.com. Paint & Body Equipment Assn. to merge with the Automotive Aftermarket Industry Assn.

HONORS

Medium duty truck customer satisfaction study by J.D. Power & Associates ranks **Peterbilt** first in conventional segment, **UD Trucks** highest among cabovers, **International** first in dealer service satisfaction. **Kenworth, International, Sterling & Chevrolet** also finished above industry average in conventional class. **Hino, Mitsubishi Fuso & Isuzu** finished above average among cabovers. **Chevrolet, GMC Truck & Isuzu** were above average in dealer service. Study is based on interviews with 2,134 primary maintainers of 2-year-old trucks.

PEOPLE

Robert Allran to president/COO, Detroit Diesel, from exec. vp. He succeeds former President/CEO **Charles McClure** who is now Federal-Mogul president/COO. **Ludvik Koci** is Detroit Diesel CEO.

Chuck Heine to president, Technology Development & Diversified products, Dana Corp. **Vicky Black** to gen. mgr., parts div., Dana Commercial Vehicle Systems, from gen. mgr., Spicer Heavy Systems Assembly Div. **John Cecconi** resigns as Freightliner of Canada vp/gen. mgr.

Caterpillar renames its engine division the Caterpillar On-Highway Engine Div. **Larry Dicks** to head eastern field operations div., **Steve**

Brown to head west div. **Chuck Avery** to manage new On-Highway Engine Div. Bus & Specialty Vehicle Group.

Ted Fick to vp, commercial systems, Goodyear N. American Tire, from senior vp/COO, Hino Diesel Trucks. **Brent Larson** to sales vp., Wabash National, from vp/gen. mgr., N. American Trailer Centers.

Robert Sitzwohl to vp./gen. mgr., Commercial Vehicle Wheels, Alcoa Wheel & Forged Products. He succeeds **Mario Longhi** who was named AWPFP president earlier this year. **Stephanie Wernet** to e-business director, Goodyear Tire & Rubber North American tire business unit, from vp, EyeVelocity Inc.

Jim Stacey to president, ZF Group N. America chassis div. He retains responsibilities as COO & Tech Center/Corp. Office Coordinator. **Helmut Schulz** to president, off-road driveline technology, sales & service, ZF Industries; **Rolf Lutz** to vp, Business Unit Truck Driveline Technology, ZF Friedrichshafen. **Wolfgang Schmid** to director, marketing & communications, ZF Group N. America.

Marc Blackman to president, Gold Eagle Co., from sales & marketing vp. He succeeds **Richard Hirsch** who remains on the company's board. **Joseph Clayton** to president/CEO, Sirius Satellite Radio, from vice chairman, Global Crossing.

Norman Ellis to vp, business operations, Qualcomm Wireless Business Solutions, from senior director, business development. TransCore Commercial Services Group names **Don Thornton**, vp carrier services; **Tom Petrick** customer solutions director; **Rebecca Armstrong**, sales director.

Michael Russell to public affairs vp & press secretary, American Trucking Assn's, from media relations dir. **Kathleen Schmatz** to exec. vp, Automotive Aftermarket Industry Assn., from vp/group publisher, Babcox.

HOTLINE

U.S. RETAIL TRUCK SALES REPORT

MANUFACTURER	CLASS 8 33,001 LBS. & OVER			CLASS 7 26,001-33,000 LBS.			CLASS 6 19,501-26,000 LBS.		
	NOVEMBER	YTD	YTD	NOVEMBER	YTD	YTD	NOVEMBER	YTD	YTD
	SALES	SALES	SHARE	SALES	SALES	SHARE	SALES	SALES	SHARE
Bering	0	25	0.02%	0	0	0.00%	0	123	0.31%
Chevrolet	0	0	0.00%	449	4,737	5.52%	130	1,272	3.19%
Ford	0	0	0.00%	177	2,435	2.84%	864	14,282	35.85%
Freightliner	3,252	41,315	32.23%	1,101	19,670	22.91%	514	9,805	24.62%
GMC	0	0	0.00%	736	9,854	11.48%	209	2,003	5.03%
Hino	0	0	0.00%	15	174	0.20%	53	597	1.50%
International	1,495	20,125	15.70%	1,996	39,280	45.74%	732	9,717	24.39%
Isuzu	0	0	0.00%	75	1,219	1.42%	6	61	0.15%
Kenworth	960	10,915	8.52%	195	1,590	1.85%	0	0	0.00%
Mack	1,466	18,065	14.09%	15	259	0.30%	17	294	0.74%
Mitsubishi-Fuso	0	0	0.00%	5	73	0.08%	52	675	1.69%
Nissan Diesel (UD Trucks)	0	0	0.00%	0	46	0.05%	37	401	1.00%
Peterbilt	1,015	14,269	11.13%	173	2,064	2.40%	0	0	0.00%
Sterling	630	8,707	6.79%	338	4,407	5.13%	32	610	1.53%
Volvo	978	12,723	9.93%	0	0	0.00%	0	0	0.00%
Western Star	70	1,219	0.95%	12	65	0.08%	0	0	0.00%
Other	40	815	0.64%	0	0	0.00%	0	0	0.00%
Totals	9,906	128,178	100.00%	5,287	85,873	100.00%	2,646	39,840	100.00%

Compiled by Heavy Duty Trucking Magazine. Source: Ward's Communications

