

EXECUTIVE VIEWPOINTS

Trucking company bankruptcies tend to parallel fuel price increases, says American Trucking Assns.' Chief Economist Bob Costello. He tells Bridgestone/Firestone dealer meeting that for every 10-cent rise in diesel, 1,000 trucking operations fail. Freight forecast: 4% per year average growth between now & 2013. Truck population forecast: Class 8 to top 3 million by 2013; Class 6-7 to reach nearly 3 million; Class 3-5 to approach 2 million.

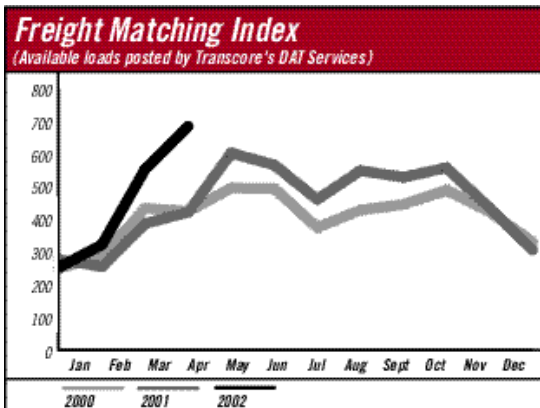
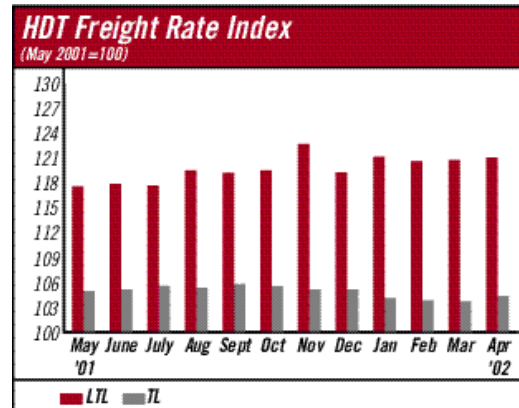
Consensus of 4 fleet maintenance chiefs at the meeting, called Bizcon 6: unscheduled downtime on the road is enemy #1 & suppliers must do everything they can to help carriers avoid it. PAM Transport's Carl Tapp says a JIT load not delivered on time can cost them up to \$40,000 in fines. Knight Transportation's David Williams: "Take us out of the tire business & put us in the uptime business." Ryder Systems' Jim Cade, whose company bought 500,000 tires in '01, says supplier assistance & services are key to keeping vehicles out of shops. Idealease's Wade Lucas says technician shortage is driving many fleets to "outsource everything they can. . .they're getting out of the tire business."

Crete Carriers' Chairman Duane Acklie concurs: "I see the day soon when we'll contract out all our maintenance & tires. We probably won't even own the tires." He tells the meeting that both TL & LTL sectors will continue to consolidate, with most pressure on mid-size carriers who

are fighting overhead costs. "The trucking business is a penny business," he says. On sacrificing profit to gain market share: "Volume is vanity; profit is sanity."

FREIGHT TRENDS

Recent economic data suggests a strong & sustained economic recovery through end of next year, says Newport economist Jim Haughey. Manufacturing production is expanding. After 2 false starts, employment is rising. Wholesale inflation has been 0.0% for last 5 months. Labor productivity last winter was best in several decades. Business investment spending is finally growing after 7% drop last year. We'll see headlines about rising unemployment, state budget cuts & service sector layoffs through this year, he warns, adding "This is the recession you had in 2001 finally coming to the always lagging sectors of the economy."



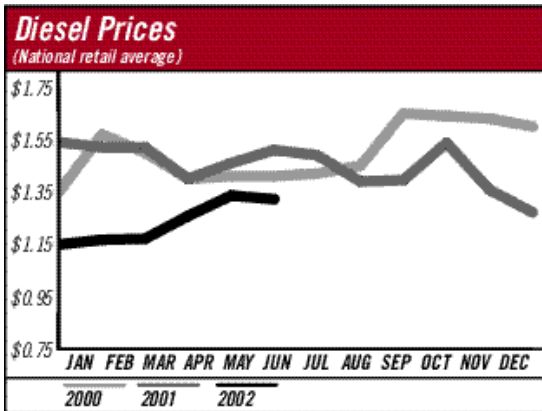
1st quarter freight volume increased at 1.8% annual pace, is expected to double in 2nd quarter then rise to over 5% in 2nd half. Turnaround is due to renewed growth in business investment & exports and to inventory restocking by retailers, Haughey says.

Truckload rates rose 0.6% in April; LTL rates were up 0.3%. Both remain slightly below last fall's peak levels. More modest & probably not steady price gains are expected through summer, then pace should pick up in fall, Haughey says. By year-end, TL & LTL rates should be 2.5-3% above

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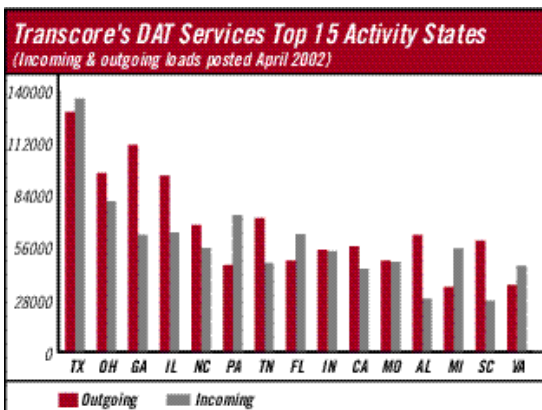
1st quarter average. He expects '03 to be a better year for rates because overall inflation will be higher & spare freight capacity considerably lower.

Headlines about higher fuel prices apply only to gasoline, he says. This won't spread to diesel because it comes from annual switchover to summer gas blends mandated by regional environmen-



tal laws. Surplus diesel/heating oil inventories provide a temporary cushion against sudden price spikes. Threat to crude oil supply from Middle East remains a concern as long as Israel occupies Palestine.

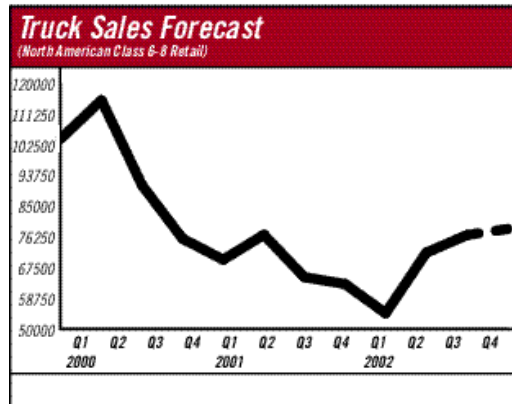
April freight activity reached record levels, says TransCore's DAT Services Market Research Analyst Brian Rollins. "The exceptionally high freight activity mirrors the nation's general economic improvement. May & June usually mark peaks in the yearly freight levels. Therefore, if the trend we've observed continues, the next 2 months are likely to be even better."



SALES TRENDS

Class 6-8 U.S. retail truck sales increased almost 3,000 units in April, to 23,578. After seasonal adjustments this is a 13.2% gain & the largest sales total in 6 months. A 400-unit increase for Class 8 trucks should be credited to capacity pressure from rising freight volume & not to buying by fleets worried about post-October engines, Haughey says. Class 4-7, he notes, have substantial non-freight applications & had relatively larger sales gains than Class 8. He forecasts a 2nd quarter Class 6-8 retail sales jump to 67,000 — back to last summer's level — driven mainly by economic recovery. Another leap, to 76,000 units in the summer, will be driven equally by economic recovery & pre-buying.

Orders for International Class 8s jumped from monthly average of 2,000 units the previous year to some 4,000 units in Mar. & April, says



Truck Group President Steve Keate. But he thinks only a minority of the increase was due to Oct. emissions jitters. Other explanations: business optimism among dealers & customers, restocking by dealers. Orders for Class 6 & 7 totaled 2,800 in April vs. average 2,400 over last 6 months.

FINANCIALS

Paccar Chairman/CEO Mark Pigott warns shareholders that "pull-forward" Class 8 orders will likely have favorable effect on 2nd & 3rd quarters, but 4th quarter "could be unfavorably impacted as a result of the accelerated buying." Company posts \$47.2 million profit in 1st quarter, up 7% from 1st quarter '01. Revenues totaled \$1.5 billion, about same as last year. Paccar Financial

says fleet bankruptcies have moderated & used truck prices for Paccar trucks are up 10-15%. DAF subsidiary boosted European Class 8 market share to record 13% as European industry truck sales dipped 15% from record '01 levels.

DaimlerChrysler Commercial Vehicle div. 1st quarter operating losses were 85 million euro (\$77.4 million) vs. 138 million euro year ago. Company credits lower charges from Freightliner with most of improvement. Net income for all DaimlerChrysler divisions, before one-time charges & gains, was 500 million euro (\$455 million) vs. 400 million euro loss 1st quarter '01. Revenues: 36.9 billion euro (\$33.5 billion), up 7% from year ago.

Volvo Group worldwide truck sales total 26.56 billion kroner (\$2.66 billion) in 1st quarter, down 13% from year ago after currency adjustments. Deliveries of Volvo trucks in Europe were down 43%, due mainly to production ramp-up of new FH & FM models. Deliveries of Renault trucks over 16 tons were down 11% from year ago. N. American deliveries of Volvo trucks fell 19%, Mack trucks down 31%. Total group sales: 40.39 billion kroner (\$4.04 billion), down 11% from year ago. Operating loss was 362 million kroner vs. 817 million loss same time last year.

Navistar takes \$4 million loss on \$1.7 billion 2nd fiscal quarter revenue vs. \$3 million profit on \$1.8 billion year ago. 6-month loss: \$60 million on \$3.2 billion vs. \$32 million loss on \$3.3 billion last year. Chairman/CEO John Horne points to continued weakness in Class 6-7 truck & school bus markets which are its "more profitable" core businesses. Company lowers fiscal year Class 6-7 truck forecast from 87,500 to 79,000, but raises Class 8 forecast by 12,000, to 156,000 — citing "renewed confidence" in economy and pre-buying.

Oshkosh Truck Corp. posts fiscal 2nd quarter profit of \$12.2 million on sales of \$416 million vs. \$11.3 million on \$343 million year ago. Fire & emergency equipment sales were up 3.2%, defense up 58.3%, commercial up 15.4%, concrete placement down 11.8%, U.S. refuse sales up 5.7%.

Cummins posts 1st quarter loss of \$29 million on sales of \$1.33 billion vs. \$26 million loss on \$1.35 billion year ago. Engine sales were \$776 million, about the same as last year. Revenues for

Cummins' Filtration & other segments were \$228 million, up 6% from 1st quarter '01. **Wabash** posts \$14.6 million 1st quarter loss vs. \$17.7 million loss year ago. Sales were \$162 million vs. \$243 million. Company credits restructuring for reduction in losses despite 33% drop in sales.

Bridgestone Corp. CFO/CAO Hiroshi Kanai says company made \$132 million worldwide after taxes in '01, projects \$520 million profit this year & says it's firmly committed to N. American market. Bridgestone/Firestone CEO John Lampe says company has been strengthened after recall & 9-11 by upgrading & streamlining production processes. He predicts '02 profit for N. American unit.

AFTERMARKET

Economic upturn, coupled with expanding & aging truck population, means recovery for heavy duty aftermarket, says ArvinMeritor Commercial Vehicle Systems President Tom Gosnell. N. American Class 6-8 & trailer parts market is down \$195 million since '99 but will be up \$347 million by 2006, he told Heavy Duty Distributors Assn. Heavy Vehicle Aftermarket Symposium. Much of increase will come from vocational & 2nd/3rd owners.

Stepped-up service demands will squeeze already constrained dealer service capacity, Gosnell says, bringing increased parts demand from independent garages. He also looks for traditional parts distributors to add service capacity. Success factors: financial stability, strong local sales & marketing, parts availability, focus on vocational, 2nd & 3rd owners, technology that makes doing business easier.

PRIVATE FLEETS

National Private Truck Council aims to revitalize membership base by courting more 3rd-party transportation users & providers. "Today's private fleets are a 'blend' of owned & leased vehicles, often supplemented with outside transportation suppliers," NPTC President/CEO Gary Petty tells group's convention. "We need to reach more of these providers." Target is 1,000 private fleets operating 50 or more vehicles. Current members are mainly large corporate fleets & many small private carriers with under 20 vehicles.

FMCSA Administrator Joe Clapp, in his first

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meeting with private fleets, tells 700 attendees that visits to 40,000 hazmat carriers have been top priority since 9-11. He says they found 280 cases of false names & records on driver rosters; 126 cases were referred to FBI. Over 1 million hazmat endorsements must be screened before renewal & Clapp urged fleets to have hazmat drivers start renewal process up to a year in advance.

FMCSA is opening 8 new inspection stations in Texas & has hired an additional 214 inspectors to man Mexican border crossings as part of NAFTA agreement to speed up vehicle & driver processing. Asked about hours-of-service revisions, he said 50,000 comments were filed & are being reviewed by a contractor hired to do cost/benefit analysis before the agency proceeds with new rules. Timetable: "Probably at least a year."

ALLIANCES & ACQUISITIONS

Eaton makes "substantial investment" in deployment of **IdleAire Technologies'** Advanced Travel Center Electrification technology that provides heat & AC to stationary trucks. **Airflow Systems** merges with **Fab-Tech**. **CATCO Parts & Service** buys St. Paul, MN-based **American Stores**. **Concentrax** to buy **Pangea Design**.

Cadec to distribute **Secureseal** security products in N. America. Ireland's **e*freightrac Ltd.** to market **McLeod** software in Europe. **Delmar Learning** to distribute **Truckload Carrier Assn's** Daily Dispatch Challenge fleet manager training program.

International Truck & Engine to distribute Intra Technologies' products. **Cummins** seeking buyer for its **Kuss Filtration** business. **Automatic Data Processing's** Dealer Services Group & **Cisco Systems** to jointly develop series of business development, customer support & other dealer programs. **SmarTire & Visteon** to jointly develop & market tire monitoring systems for vehicle builders.

TRANSITIONS

Dana forms Heavy Vehicle Technologies & Systems Group with Nick Cole as president. New unit includes Off-Highway Systems (Mike Watkins is vp), & Commercial Vehicle Systems (Norm

Boisvert is vp).

International Truck & Engine tells Canadian Auto Workers it may close Chatham, Ont., plant if it can't trim another \$14 million in costs. Goal was to cut \$28 million & only half of that has been achieved.

Goodyear Tire & Rubber to double seamless tread production capability at its Social Circle, GA, retread facility. **Rene Composit Materials** moves sales office from Quebec to Statesville, NC. **Exide Technologies** files for Chapter 11 reorganization.

American LaFrance to move headquarters & some Cleveland, NC manufacturing operations to N. Charleston, SC plant owned by parent **Freightliner**, which acquired it in 2000 purchase of **Western Star**. American LaFrance chassis production & service center to remain in Cleveland. Move to be complete by 2003.

NEW BUSINESS

Martin Marietta to build trailers using fiber-reinforced composite materials technology developed by **Compositrailer n.v.** of Belgium. First trailers will be built in Belgium but company says it will move manufacturing to the U.S. in 1-2 years. First product: open-top trailer with a composite slat conveyor floor for waste, agriculture & wood chip markets. Flatbed & refrigerated trailers are planned.

Renault to outfit Euro 3 Midlum trucks with **Stanadyne's** Fuel Manager Diesel fuel pre-filter/water separator. **Mack** branded Fuel Manager units to be sold in N. America as the FreedO*-M.

Detroit Diesel gets \$9.7 million contract to develop high power density diesel engine for possible use in U.S. Army's new Future Combat System.

Ryder System makes **Intra Technologies'** Jump-Start Prevention Kit a maintenance requirement for its used Class 8 trucks. **Maverick Transportation** installs **Eaton VORAD** EVT-300 Collision Warning Systems on its 750-tractor fleet.

NEXIQ Technologies to supply **First Fleet Corp.** with eTechnician mobile asset management systems. **Corporate Vision** acquires rights to **Jezco System** method of transporting liquid &

solid wastes. Volvo Group insurance div., **VFS Insurance Group**, now licensed in 13 states. Company says goal is 40 states in next 3 years.

ArvinMeritor selects **Entigo** software for web-enabled warranty claims management. **SYSCO Foods** of L.A. takes delivery of 33 more **Caterpillar** C12 dual-fuel engines with **Clean Air Partners' Dual-Fuel Technology**. SYSCO plans to replace L.A.-based heavy duty diesels with liquid natural gas. Conversion scheduled for completion by 2008.

ASSOCIATIONS

Assn. of Equipment Manufacturers to offer its pavilion program for China Transpo transportation & construction show, Oct. 22-25 in Beijing. Aim is to help small & new-to-market equipment manufacturers sell products worldwide. Contact: AEM, (414) 298-4117 or www.aem.org.

"Lean remanufacturing" workshop to be held June 23, Hyatt Regency Reunion, Dallas. Technique concentrates on shortening time between order & shipment. Sponsors: **Automotive Parts Rebuilders Assn.**, **International Truck Parts Assn.**, **Production Engine Remanufacturers Assn.** Contact: APRA at (703) 968-2772 or www.apra.org.

J.J. Keller & Assoc. becomes **Trucker Buddy** sponsor; **Kenworth Truck & ArvinMeritor** renew sponsorships. Other sponsors: **CDSTrucks.com**; **Delphi**; **Owner-Operator Independent Drivers Assn.**; **Midnight Trucking Radio**; **TruckDriver.com**; **Truckload Carriers Assn.**, **Wal-Mart**. Contact: www.truckerbuddy.org.

PUBLISHING

Business-to-business magazines, already struggling with drastic ad revenue falloff across the board, take another hit from U.S. Postal Service in June, when they'll see **mailing rates rise an average 11.5%**. American Business Media endorses presidential commission designed to investigate future overhaul of postal system.

PEOPLE

William Greubel to president & CEO, Wabash National, from CEO, Accuride Corp. Former Wabash Chairman **Donald Ehrlich** resigns from

board, will remain a consultant to the company. **Terrence Keating** to Accuride president & CEO, from senior vp & gen. mgr., Wheel Div.

Harry Howard to vp/gen. mgr., ArvinMeritor Commercial Vehicle Aftermarket, from marketing dir., Pioneer-Standard Electronics. **Rob Edstrom** to sales & marketing vp, ConMet, from engineering vp. **Mark Wagner** to ConMet engineering vp from hub products mgr. **Dale Roble** to gen. sales mgr., Modine Manufacturing Aftermarket Div. **Jennifer Thut** to Modine product development mgr., from group product mgr.

Doug Patton to senior vp, DENSO International America Customer Support Div., Engineering. **Robert Brooks** to vp, engineering & technology, & chief technical officer, Cummins Westport, from exec. director, electronic tools & information products, Cummins Inc.. IMMI names **Bruce Dufour** gen. mgr., commercial div.; **Steve Eickenroht**, on-highway sales director; **Jim Chinni** engineering director, commercial div.

Webb Wheel names **Paul Levering** technical services vp, **William Walther** business development vp. **Daniel Martin** to gen. mgr., commercial tire sales-west, Goodyear Tire & Rubber. **John Sullivan** to operations dir., Xtra Lease. **Arthur Michalik** to marketing communications dir., Yokohama Tire Corp.

Brian Ling, Reliance Trailer Manufacturing, elected chairman, Truck Trailer Manufacturers Assn. **Harry Haney III**, private & dedicated fleets mgr., Kraft Foods, named Private Fleet Exec. of the Year by National Private Truck Council. Idealease Marketing VP **Lance Bertram** is NPTC Allied Member of Year. **Charles Rottmund**, BOC Gases, elected NPTC board chairman. **Lou Marz**, Aftermarket Growth Concepts, elected chairman, Automotive Aftermarket Industry Assn.

Died: **Lawson Marshall**, 52, editor, *Transport Technology Today*. **Bob Crites**, 51, president, Condor Freight Lines; **David Semlow**, former Caterpillar On-Highway Div. marketing manager.

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MANUFACTURER	CLASS 8 33,001 LBS. & OVER			CLASS 7 26,001-33,000 LBS.			CLASS 6 19,501-26,000 LBS.		
	APRIL SALES	YTD SALES	YTD SHARE	APRIL SALES	YTD SALES	YTD SHARE	APRIL SALES	YTD SALES	YTD SHARE
Chevrolet	0	0	0.00%	570	1,557	5.97%	139	366	3.01%
Ford	0	0	0.00%	153	617	2.37%	1,009	3,164	26.00%
Freightliner	3,428	12,805	32.20%	1,728	5,679	21.79%	1,012	3,586	29.81%
GMC	0	0	0.00%	1,817	3,930	15.08%	182	494	4.06%
Hino	0	0	0.00%	18	92	0.35%	48	232	1.91%
International	2,077	6,819	17.15%	2,761	10,981	42.14%	1,152	3,616	29.71%
Isuzu	0	0	0.00%	80	300	1.15%	5	18	0.15%
Kenworth	1,138	4,141	10.42%	189	781	3.00%	0	0	0.00%
Mack	1,892	5,349	13.45%	18	77	0.30%	26	112	0.92%
Mitsubishi-Fuso	0	0	0.00%	10	27	0.10%	55	182	1.50%
Nissan Diesel (UD Trucks)	0	0	0.00%	3	17	0.07%	47	172	1.05%
Peterbilt	1,333	4,512	11.35%	223	763	2.93%	0	0	0.00%
Sterling	740	2,380	5.99%	343	1,227	4.71%	108	229	1.88%
Volvo	1,084	3,123	7.85%	0	0	0.00%	0	0	0.00%
Western Star	86	394	0.99%	0	11	0.04%	0	0	0.00%
Other	104	237	0.60%	0	0	0.00%	0	0	0.00%
Totals	11,882	39,760	100.00%	7,913	26,059	100.00%	3,783	12,171	100.00%

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

