

HOTLINE

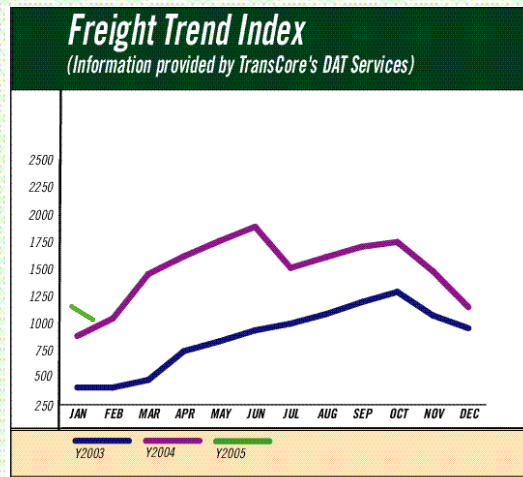
Freight Trends

Financial results from publicly-held trucking companies for '04 generally point to improved profits & operations due mainly to strong freight demand & higher rates. "Pricing & freight demand continued to gain momentum during 4th quarter," said Werner Enterprises Chairman/CEO Clarence Werner. "A constrained supply of trucks with qualified drivers, combined with a steadily improving economy, is providing truckload carriers with the strongest pricing market in many years. Considering the significant industry challenge of an extremely difficult driver market, I expect that freight demand and pricing will continue to be favorable in '05."

Last year was the best year ever for intermodal growth, according to the Intermodal Assn.' of N. America's quarterly Intermodal Market Trends & Statistics. Q4 volume increased for the 11th straight quarter, full year growth rate was 8.6% vs. 6.4% in '03. Trailer volume was the highest in 5 years. 53-ft. intermodal trailer volume was up 23%, 28-foot was up 19%, due mainly to LTL & parcel strength. Other trailer sizes dropped sharply.

International container traffic grew 15.2%, driven by increasing imports. Domestic containers grew only 0.6%, the lowest since IAN began reporting intermodal statistics in '96. Analysts said domestic container weakness was driven by slowed transloading, tight domestic container supply & possibly increasing lengths of haul. IANA says intermodal growth will likely moderate some this year but demand for domestic rail intermodal service should continue to grow.

Jan. availability of exception freight through TransCore posting services was up 12% from Jan. '03. Volume dropped 13% from Dec. but the company says that's typical for the season. The best combinations of high freight volumes & favorable inbound/outbound load ratios in Feb. traditionally come from Ohio, Illinois, Indiana, Michigan, Pennsylvania, New York, Missouri & Wisconsin.



Sales Trends

Momentum slowed in the 2nd half but '04 trailer shipments finished the year 28.5% ahead of '03, according to latest survey by Economic Planning Assoc. Full year van shipments totaled 170,400 units, up 26.9% from the previous year. Non-van shipments totaled 53,225, up 34.2%. Q4 van shipments totaled 44,000, up 27.5% from Q4 '03. Non-van shipments were 13,700, up 31.1%.

"Based on our analyses of the economy in general, the financial environment, and our outlooks for major customer markets, we expect further modest gains in quarterly trailer shipments through '05 and into '06," says EPA President Peter Toja. "The only dampener in our near-term outlook is the escalation in '04 & '05 equipment prices due to the rising costs of raw materials & components." EPA is forecasting 243,000 trailer shipments this year & 255,200 in '06.

EPA analysts expect continued quarterly advances in U.S. retail Class 8 truck demand, bringing '05 retail sales to 246,000, up 22.4% from last year, and 270,000 units in '06. After a drop in '07 due to more expensive EPA compliant analysts, sales are expected to recover gradually to 250,000 units by 2010. Stronger customer market activities will stimulate some expansion of Class 7 fleets, despite some downsizing to Class 6, says EPA. Forecast: 80,000, '05; 86,000, '06. For more information, contact: (631) 864-4900.

Financials

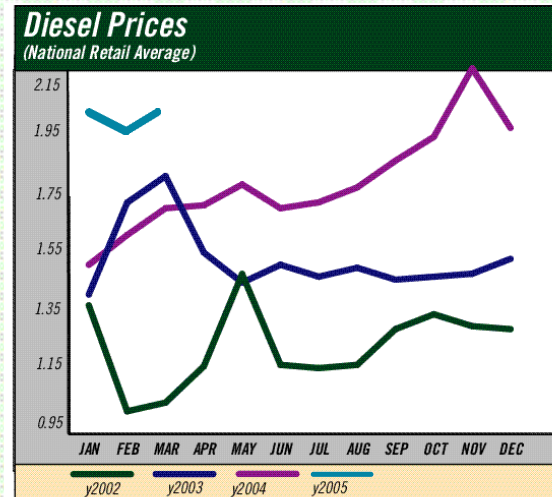
Paccar posts 66th consecutive profitable year & its best year in history with '04 income of \$906.8 million on revenues of \$11.4 billion. '03 income was \$526.5 million on \$8.19 billion revenues. Q4 profit was \$241.4 million, up 52% from a year ago; revenues were \$3.19 billion, up 44%. Paccar, which celebrates its 100th anniversary this year, produced a record 124,000 trucks worldwide & set several market share records in '04. Combined Kenworth & Peterbilt U.S. & Canadian Class 8 share was 24.6%, Class 6-7 share was 9.4%.

Navistar posts \$247 million income on \$9.7 billion revenues for fiscal '04 which ended Oct. 31. In fiscal '03 the company lost \$21 million on \$7.6 billion. Q4 income was \$159 million on \$3.1 billion vs. \$36 million. Year-end reporting was delayed due to accounting adjustments requiring adjustments to previous years. Worldwide shipments of International trucks & buses in fiscal '04 totaled 112,000 units, including 45,500 medium trucks (primarily Class 6-7), 19,000 school buses and 47,500 Class 8 heavy & severe service trucks. Navistar forecasts a 13% increase in industry Class 6-8 truck & bus sales in fiscal '05, including a 19% increase in Class 8 demand.

DaimlerChrysler Commercial Vehicles Div. sells 712,200 trucks, vans & buses worldwide in '04, 42% more than '03. Division revenues were \$44.8 billion vs. \$26.8 billion in '03. Operating profit was \$1.7 billion. Trucks NAFTA business unit (Freightliner, Sterling, Thomas Built Buses) sold 152,400 units, up 22%. Sales of the Trucks business segment totaled 403,300 vehicles, up 57%.

Volvo Group delivers a record 97,264 trucks in '04, 29% more than '03. Operating income from trucks was \$1.3 billion vs. \$4 billion. Deliveries were up 52% in N. America, to 26,035 units. Mack's 4th quarter order intake was 46% higher than the same period a year ago, orders in N. America for Volvo trucks rose 121% from a year ago. Company anticipates a 15-20% increase in the N. American market, 5% in Europe this year.

Eaton Corp. posts '04 income of \$648 million, up 68% from '03; revenues were \$9.8



billion, up 22%. Q4 net income was \$183 million, up 61% from same period '03; \$2.63 billion sales, up 26%. Truck segment Q4 sales were \$498 million, up 44% from a year earlier; operating profit, \$97 million, up 80%. Q4 NAFTA production of heavy duty trucks totaled 76,000 units; new truck orders in the quarter averaged 34,000 units/month. Company forecasts strong demand through '05 & '06, NAFTA heavy duty production this year likely to total 310,000 units.

ArvinMeritor posts \$18 million profit on \$2.1 billion revenues for its 1st fiscal quarter vs. \$19 million on \$1.9 billion a year earlier. Company says financial results continue to be affected by escalating costs of steel & other raw materials. In Q1, which ended Dec. 31, ArvinMeritor's steel costs, net of recoveries, were \$30 million higher than Q1 '04. Commercial Vehicle Systems sales were \$907 million, up 32%; operating income was \$37 million, up 19%. N. American heavy duty volumes were up 51% from same period last year; trailer volumes improved 17%. Fiscal '05 N. American Class 8 production forecast: 302,000 units.

Caterpillar reports record '04 profit & revenues: \$2.03 billion on \$30.25 billion vs. \$1.1 billion on \$22.76 billion in '03. Q4 revenues were \$8.57 billion vs. \$6.47 billion; profit was \$551 million vs. \$349 million. Engine sales for the year were \$9.49 billion, up 29% from '03. Volume was up 24%. N. American engine sales gained 30%, driven by a 37% increase in on-highway truck engine sales.

Cummins posts record sales & earnings: \$350 million profits on \$8.44 billion sales in '04 vs. \$50 million on \$6.3 billion in '03. Q4 sales

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were a record \$2.35 billion, up 35% from same period a year earlier; profit was \$119 million vs. \$43 million. Engine segment Q4 sales were \$1.5 billion, up 55% from a year ago. N. American heavy truck engine shipments were up 89%. Engine segment pre-tax earnings were \$114 million vs. \$32 million Q4 '03.

Wabash National had a \$58 million profit in '04 vs. a \$57 million loss in '03. Sales were \$1.04 billion vs. \$888 million. Q4 profit was \$13 million vs. a \$1.7 million loss; sales were \$287.4 million vs. \$219.8 million. Company says it was able to pass along the majority of raw materials price increases but price concerns continue into this year.

Sloan Transportation parent Qualitor recapitalizes. Company, previously a Wind Point Partners portfolio business, is now owned by Thayer Capital Partners, Baird Capital Partners, American Capital & Qualitor's management team. CEO is former Federal-Mogul exec. Kevin Baird.

Alliances & Acquisitions

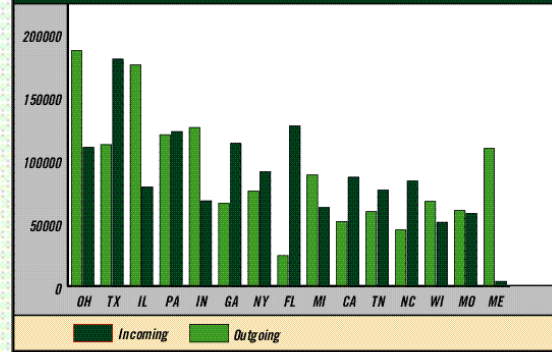
ArvinMeritor Commercial Vehicle Systems gets 3-year contract making its Meritor Q Plus cam brakes standard on N. American Volvo trucks. East Manufacturing's Heavy Duty Trucking Technologies to be exclusive provider of X-FLEX mountings technology for aluminum fenders developed by Fleet Engineers Inc. CLF Warehouse signed as Index Sensors & Controls master distributor in the western states.

Caterpillar C15 600 hp & 625 hp engines now available in the Freightliner Coronado. Auxiliary Power Dynamics' Willis APU to supply auxiliary power unit supplier for Penske lease trucks. Airgo tire inflation system now standard on all Vantage trailers.

International Truck & Engine to develop & produce International engines in the 11-13 liter range for International Class 8 highway tractors & severe service trucks starting in fall '07. Engines will be a product of International's alliance with MAN Nutzfahrzeuge. Company

Top 15 Activity States

(Incoming and Outgoing Loads Posted in January 2005)



says it will continue to offer Cummins & Caterpillar engines & expects to continue its collaboration with Cummins on engine component development & sourcing.

Accuride completes acquisition of Transportation Technologies Industries. Accuride President/CEO Terry Keating to be president/CEO of the combined company. Headquarters is Evansville, Ind.

Expansion & Transition

Detroit Diesel Remanufacturing Corp. breaks ground for \$8 million addition to its Detroit Diesel Reman-East facility in Cambridge, Ohio. Horton to build new N. American plant for its viscous product line. Location to be announced this spring. Tech International opens distribution facility in Brantford, Ontario, establishes Tech International Canada. Heil Environmental Industries shortens its name to Heil Environmental.

Workforce

Driver labor environment tightened in Jan. because fewer people participated in the total workforce, according to FTR Associates' Driver Labor Market Indicators monthly report. Researchers say modest hiring activity & slower freight growth should "shrink" the shortage to 100,000 drivers in the 2nd quarter. Contact: www.ftrassociates.net.

United Auto Workers at Volvo Trucks N. America's New River Valley, Va., plant reject 2 of 3 contract proposals. Workers turned down a "universal" 3-year agreement covering issues common to salaried & hourly workers and a local agreement covering only hourly workers. They approved a local agreement covering the plant's 190 salaried workers. Company says the plant will continue to operate under the old

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agreement, which expired Feb. 1, until a new deal is worked out.

LRN Legal & Compliance & Ethics Center signs multiyear agreement to provide a legal & ethics awareness education program for Navistar International employees. Navistar says the program augments existing efforts to keep the company aligned with core values such as open, honest & ethical dealings with customers, suppliers & co-workers.

Aftermarket

R.L. Polk & Co.'s new Polk Aftermarket Parts Consumption Models detail demand for medium & heavy truck and bus tires, engine oil, filters & brakes by geographic location & specific vehicle categories. Reports, which are updated quarterly, provide guidance to identify best-selling product types, "hot" markets & demand potential. Contact: www.polk.com.

Associations

Heavy Duty Manufacturers Assn. forms Heavy Duty Aftermarket Council to address issues such as dealer vs. traditional channels, supply chain management, marketing groups, forecasting, national warranty programs, emerging markets, brand protection. Chairman is Pete Joy, president of Haldex Commercial Vehicle Systems, N. American Sales Div.

Council of Fleet Specialists establishes ties with Commercial Vehicle Safety Alliance, an assn. of state, provincial & federal officials responsible for the administration & enforcement of motor vehicle safety laws in the U.S., Canada & Mexico. Connection "will help us build relationships & contacts with technology and safety-related organizations and give us access to a wealth of new resources," says CFS President Frank Szabo. CFS says it will also raise awareness of the role distributors play in the heavy duty market. At the same time CFS members will learn from CVSA products, publications & training materials.

Events

Paccar President Tom Plimpton to present an overview of supply chain technologies at the Heavy Duty Manufacturers Assn. 15th Annual Breakfast & Briefing, Apr. 1, at the Mid-America Trucking Show, Louisville, Ky. Contact: www.hdma.org.

Council of Fleet Specialists opens its '05 CFS Executive Conference to all heavy duty parts & services providers. Event, to be held April 17-20 in Kansas City, to feature a Computer Solutions Midway, educational seminars & roundtable discussions, and the 18-Wheel Pinewood Challenge. Contact: (816) 801-7964.

Global Aftermarket Symposium, May 11-12, Chicago, to feature presentation of "The Price Advantage" by McKinsey & Co., along with industry & manufacturer panels. The Aftermarket eForum, July 19-21, Chicago, to address e-commerce & supply chain technologies for the vehicle aftermarket. Contact: www.aftermarket.org.

Tire Retread Info. Bureau invites trucking fleets to participate in "Fleet Experiences with Outside Tire Services & Retreads" seminar at the Tire Industry Assn.'s World Tire Expo, Apr. 20-22, Louisville. Seminar is aimed at giving Expo attendees an insider view of what fleets look for in tire service & retread providers. Contact: David Kolman, (410) 374-6565. Expo info. is at www.tireindustry.org.

California Trucking Assn. says several leading truck manufacturers plus other major exhibitors are returning to the International Trucking Show, Sept. 8-10, Anaheim. CTA started ITS in 1961 & took over management of the show last year, re-establishing it in California & repositioning it as a business-to-business & business-to-consumer event. Contact: www.intltruckshow.com or (800) 809-8839.

The Truck Show Las Vegas, June 16-18, now offering online registration & housing reservations at www.truckshow.com. Production Engine Remanufacturers Assn. 60th annual convention to be Sept. 22-24, Arlington, Va. Contact: www.pera.org.

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Volvo Trucks N. America President/CEO Peter Karlsten named executive chair of the '05 SAE Commercial Vehicle Engineering Congress & Exhibition, Nov. 1-3, Chicago. E.J. Krause & Associates to manage Intermodal Expo & TransComp starting with '05 show Nov. 12-15. Sponsors are the Intermodal Assn. of N. America and The National Industrial Transportation League.

Industry & Community

Chevron Delo joins Mack Trucks as a major sponsor of the American Trucking Assns.' Share the Road highway safety program.

Council of Fleet Specialists establishes Leon Settles Memorial Scholarship Fund to benefit students enrolled in Northwood University's Heavy Duty Aftermarket Management Program. Settles, 82, died in Jan. He started Weldon Parts in 1955 and was a CFS founder.

Bendix Commercial Vehicle Systems & its European parent, Knorr-Bremse Group, donate \$2.6 million for projects to aid tsunami relief efforts in S. Asia. Bendix is matching employee contributions to the American Red Cross International Response Fund along with its corporate donation.

Honors

Eaton's Alexander "Sandy" Cutler, Paccar's Mark Pigott & Jim Farrell of Illinois Tool Works named 3 best machinery sector CEOs in America by Institutional Investor magazine. Annual survey asked 1,250 analysts & portfolio managers at 400 money management firms to pick best-performing execs by business sector.

ArvinMeritor wins leadership award from MSC Software for implementation of Virtual Product Development tools & processes to improve product performance in the automotive industry.

People

Joe Mejaly to vp/general mgr., ArvinMeritor Commercial Vehicle Aftermarket business, from customer support director, ArvinMeritor Commercial Vehicle Systems Sales & Marketing. Mike Schwanzi to global business

development director – trailer products, Dana Corp. Commercial Vehicle Systems, from Smyrna, Tenn., plant mgr.

Donald Remboski to vp-product innovation, The Timken Co.'s Technology Group, from director, Automotive Innovation Center, Motorola Automotive. Guy Vachon to after-market director, Hendrickson Int'l sales, from aftermarket parts sales & marketing director, Aurora Parts & Accessories.

Dominic Grote to sales & marketing vp, Grote Industries, from fleet/OEM sales director. Carmen Smothers to marketing mgr., Bayne Premium Lift Systems, from sales database mgr. Michael Neimeyer to N. American fleet sales director, Pressure Systems Int'l, from N. American expert sales mgr.

Peter Flynn to senior vp, Lease Origination Group, First Fleet Corp, from vp, portfolio/pricing. David Browske to sales & marketing director, Avery Dennison Graphics Div. N. America, from sales & distribution director. He succeeds Michel Merckx who was recently named general mgr., Industrial Product Div., Avery Dennison Automotive.

David Brodie to senior vp-membership, American Trucking Assns., from sales vp. Ellen Voie, exec. director, Trucker Buddy Int'l, earns Certified Assn. Executive credentials from the American Society of Association Executives.

Michael Joyce & Melissa Theriault join the Owner-Operator Independent Drivers Assn. govt. affairs office. Joyce was chief of staff to U.S. Rep. Mac Collins (R-Ga.). Theriault was a House legislative staff assistant to the majority subcommittee on Highways, Transit & Pipelines and the Transportation & Infrastructure Committee.

Newport Communications Group names Marty McClellan publishing vp, Steve Sturgess executive editor. McClellan continues as *Heavy Duty Trucking* publisher. Sturgess continues as *RoadStar* editor. Other Newport appointments: Dennis O'Connor, digital operations director; Susan Patterson national marketing mgr., Jody Patterson operations mgr., Gina Stalker advertising sales coordinator.

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.		
	JANUARY SALES	YTD SALES	YTD SHARE	JANUARY SALES	YTD SALES	YTD SHARE	JANUARY SALES	YTD SALES	YTD SHARE
Chevrolet				143	143	1.99%	141	141	2.69%
Ford				417	417	5.80%	664	664	12.66%
Freightliner	5,625	5,625	30.81%	1,706	1,706	23.73%	1,860	1,860	35.47%
GMC				555	555	7.72%	103	103	1.96%
Hino				29	29	0.40%	100	100	1.91%
International	3,988	3,988	18.44%	3,371	3,371	46.88%	2,169	2,169	41.36%
Isuzu				38	38	0.53%	4	4	0.08%
Kenworth	1,811	1,811	9.92%	182	182	2.53%			
Mack	1,562	1,562	8.56%						
Mitsubishi Fuso				12	12	0.17%	70	70	1.33%
Nissan Diesel				2	2	0.03%	48	48	0.92%
Peterbilt	1,982	1,982	10.86%	454	454	6.31%			
Sterling	1,042	1,042	5.71%	281	281	3.91%	85	85	1.62%
Volvo	2,053	2,053	11.25%						
Western Star	148	148	0.81%						
Other	46	46	0.25%						
Totals	18,257	18,257	100.00%	7,190	7,190	100.00%	5,244	5,244	100.00%

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

