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MacKay & Company Newsletter



Starting around the first of the year, several of us set off to meet with participants in all four of our DataMac programs. Depending on the focus of the workshop, two man teams drawn from our staff (Don Kuntz, John Blodgett, Dave Fulghum and Stu MacKay) have visited nearly every DataMac participating company. While we still have a small number of visits left to complete the 2002 cycle, we thought you might be interested in what this travel agenda looked like for the past several months.

Summer Greeting

Since our last newsletter, the holiday season has passed, the underdogs won the Super Bowl, Salt Lake City hosted the Olympics, the rubble from the Trade Center has been cleared, the interest rates have stabilized, the stock market, on the other hand, has not — neither have the Cubs nor the White Sox!

January 15	Freightliner
January 25	The Blackstone Group
February 22	Chicago Rawhide
February 25	Volvo Trucks N.A.
March 27	AGCO
April 9	Bendix
April 10	Oliver Rubber
April 11	Dana Corporation
April 16	Triangle Group
May	CNH Global
May 13	Bridgestone/Firestone
May 15	Deere & Company-ce
May 16	Mack Trucks
May 17	Dayton Parts
May 21	Baldwin Filters
June 3	Eaton Corporation
June 11	Haldex
June 20	Deere & Company-ag
June 25	Fleetguard Nelson
June 28	New Holland
July 9	ArvinMeritor

2002 DataMac Roadshow Program

Last fall, we announced to participants in our four DataMac programs (truck, farm equipment, construction equipment and tires) that we would be making a major change from the previous 18 years. In 2002, for the first time, we would be taking the key elements of the DataMac annual workshop program TO the clients – instead of asking them to come to Chicago. At the time, we also announced that the annual workshop would become a biennial workshop, alternating every other year with a client roadshow. (More details on the 2003 workshop elsewhere in this newsletter – and it WON'T be in January any longer!).

We have been very pleased with the turnout at these on-site sessions. In many client presentation sessions, we have had 12 – 18 attendees. The questions from these attendees have been excellent and the discussions both vigorous and interesting. Thanks to all of you who have participated. We are looking forward to our next round – and to having you here in June next year for our 2003 workshop.

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On the Other Hand... Bob Dieli



The favorite expression of many economists seems to be "on the other hand".

Many of you have had the opportunity to hear Bob Dieli speak at our annual DataMac workshops over the past decade. Bob's wisdom, insight and humor have been a major highlight at these workshops. And now, Bob is an adjunct member of MacKay & Company's staff.

As many of you know, Bob served both the Continental Bank and The Northern Trust Company here in Chicago for many years as a key member of their staff of economists. Within the past year, Bob

resigned from Northern Trust and established his own economic consulting firm, RDLB, Inc His "Mr. Model" forecast program, which many of you saw at our workshops, has been significantly expanded and will shortly be available to subscribers.

With MacKay & Company's substantially expanded vehicle and component forecasting activity, we are pleased to have Bob as a part of this program. He is assisting us with our DataMac forecasting and especially with forecasting programs for specific clients. He is working closely with Don Kuntz and Dave Fulghum in both these areas.

Please welcome Bob to our staff. We know you will be hearing more from Bob in the months to come – and you will see him next year at our workshop

European Truck Aftermarket Plans

In December, MacKay & Company completed a comprehensive study of the commercial vehicle truck parts and service market in the United Kingdom. The study included interviews and surveys with several hundred operators of medium and heavy duty power units and trailers (equipment with capacities over 7.5 tonnes, the equivalent of Class 6 trucks and larger). The study identified a universe of approximately 264,000 power units and 238,000 trailers presently in operation.

Current Mix of Goods Vehicles >16 tonnes capacity



1731 vehicle parc- 2

*Over 29 tonnes

7/3/2002

The current total value of the U.K. medium and heavy duty parts aftermarket at the point of last sale is £840-£880 or \$1.2 - \$1.3 Billion, slightly more than 10% of the U.S. heavy duty aftermarket. U.K. truck dealers enjoy significantly more of this market than do their U.S. counterparts, 58% compared to 44%.

A number of MacKay & Company vehicle and component supplier clients have expressed an interest in participating with us in an evaluation of the aftermarket opportunities in other European countries. Our preliminary research indicates that the Western European truck parts market should be about the same size as the North American market and that there is very little information currently available on the market opportunities in Europe.

We are planning a meeting of interested participants at the Hanover Truck Show in early September. We look forward to your interest and your participation.



2003 Workshop – Not In January!

Since the late 1980s, MacKay & Company's annual DataMac workshop has been held in Chicago – in January. We've lost track of how many of you have asked us – even pleaded with us – to either pick a different month or a different location. Well, the message finally got through! We've picked a different month, one where we have been guaranteed that there will be NO snow or cold weather.

Our 2003 workshop will be held June 17 – 19 at the Wyndham Drake in Oak Brook.

Our plans are to include just a little bit of r&r as part of the program; we'll have more details as our plans become firmer later in the year. The theme that is being considered for the workshop is the Global Aftermarket, something we had planned for 2002 before September 11 and all the plans that changed as a result. We are hoping that the speakers from Europe who agreed to participate with us then will be available and willing next June.

The timing of the June workshop will allow us to provide DataMac participants with more detailed forecast information well in advance of planning cycles for the following year. With the vehicle and component forecasting work we are now doing – and the addition of Bob Dieli to our staff – we should be able to provide much more assistance in your planning and forecasting efforts.

We're Still Talking!

In our first newsletter last December we listed some of the opportunities MacKay & Company staff members have had addressing industry groups in 2001. We've been pleased to have been asked to participate in several other sessions in 2002; the primary ones are listed below:

- Equipment Leasing Association's annual workshop in February
- American Truck Dealers annual meeting in April
- Council of Fleet Specialists annual conference, also in April
- A client's fleet maintenance manager conference in May
- Farm Equipment Manufacturers Association Board of Directors meeting in June
- Association of Equipment Manufacturers Summer Construction Equipment Conference in June

We appreciate the interest shown in our company and its staff by these organizations.

New Truck Demand Forecasting Program Launch

Over the past several months, a number of MacKay & Company clients have asked us to consider providing them with new truck forecasting information. Dissatisfaction with existing forecasting services and satisfaction with our aftermarket forecasting services over many years have driven these requests. We are pleased to be able to now offer a comprehensive program to assist these and other clients with their new vehicle forecasting requirements.

The programs being developed by MacKay & Company, while utilizing economic data and related input, utilize many more elements in the forecast process. It will integrate the new truck and used truck markets into a combined program, taking into account the flow of new truck equipment into the hands of first owners as well as capacity of potential second owners to absorb equipment first owners trade or sell.

A series of forecasting models have been developed tracking U.S. retail sales back as far as 1965. Beyond this, detailed tracking by vocation of both first and subsequent use, mortality analyses and trade cycles by vocation and several other factors are being integrated into the forecasting process. All forecast information will be available at the individual vocation level, since significantly different factors drive demand from individual vocations.

Our forecasting programs are being structured to allow clients to integrate confidential proprietary alternative forecast scenarios based on their particular market and/or product position by vocation. MacKay & Company staff members will meet on-site with clients to develop these alternative scenarios and to present best case, worst

case and most likely case results generated by client assumptions. In addition, on-site forecast review sessions will be held every six months.

To secure additional detailed information on our vehicle forecast services, please contact Dave Fulghum.

Coming Attractions

August 2002

DataMac Truck Report

September 2002

DataMac Tire Report

DataMac AG Report

Hanover Truck Show

November 2002

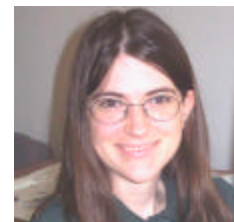
DataMac CE Report

June 17 – 19, 2003

DataMac Workshop in OakBrook, IL

Meet a MacKay & Company employee

Jen Crone graduated from Northwestern University in June 1997. She joined MacKay & Company in November 1997. At MacKay, Jen has worn a variety of hats, but for the past several years has managed the IT department. Jen is also responsible for the Aftermarket Index as well as several databases for single client projects. With her free time Jen enjoys reading and bicycling.



Tap Your Aftermarket Programs Into 7 Million New Opportunities

How much of the parts and service aftermarket is your company getting from the 7 Million trucks in Classes 2c – 5 in operation today? How effective are your dealers or distributors in serving the one sector of the commercial vehicle market that is growing by leaps and bounds? What products should your company be focusing on to get a piece of this market? Here's how to find out.

MacKay & Company is in the process of organizing a multi-client study specifically on the Class 2c – 5 truck parts and service aftermarket to be completed in early 2003. A number of our clients have

encouraged us to develop this program to assist them in evaluating their opportunities in this largely unidentified and untapped market. With the medium and heavy duty truck aftermarket projected to remain relatively flat over the next several years, the light-medium market represents a major growth opportunity for new business.

How much new business?

In 1985, fewer than 10,000 Class 3 trucks were retailed. In 1999, these registrations totaled over 122,000 units

In 1987 just over 2,100 Class 4 trucks were retailed; in 2001, over 52,00 units were placed in service!

Light-medium trucks are the fastest growing segment of the truck market – and the aftermarket. Join MacKay & Company as we put this market and its opportunities in detailed perspective as we have done for the balance of the truck industry. We will be sending more information out shortly; if you'd like something in a hurry, just give John Blodgett a call.

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