

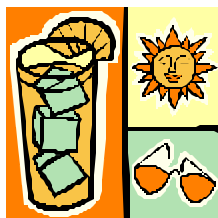


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2006 DataMac Workshop

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Summer Greetings

Thanks to all of you who attended our DataMac® workshop in June. The weather cooperated for our golf outing, the panel discussions were both interesting and thought provoking and the audience participation was excellent. Take a look at the insert for pictures of the event.

Since our last newsletter, the truck industry has done nothing but boomed. Can't help but think about the correlation between weather and new truck sales. Now we certainly know there is no true relationship, but with the current state of the truck industry and the unseasonable heat wave we are experiencing, one could make the argument. Fortunately, the heat index of 105 will not remain for long and strong truck sales will not be in the future either.

We are offering several new and updated studies for the last quarter of 2006 and 2007. The scope of projects ranges from light duty vehicles in the U.S. to heavy duty trucks in Mexico to lubricants in all markets. Our team has certainly put together a great lineup of upcoming projects – seems like a much better lineup than the Cubs are putting together these days – and even the White Sox, of late.

As always, we appreciate your business and we look forward to working with you over the next year as we move into a different, but not so unfamiliar, phase of our industry.

Forecasting Beyond the Heavy Duty Truck Aftermarket

After last year's success in forecasting the White Sox's run to the World Series, Bob Dieli decided to try his luck again.

Using the same methodology based on runs scored and allowed, his model produced the table below projecting the victors in each of the divisions and the games they are expected to win. The numbers say Detroit should meet the Mets in the Fall Classic, but the White Sox will probably have something to say about that.

We will post the final results in the Winter newsletter.

American League		
Central	Detroit	107
East	New York	95
West	Seattle	87
Wild Card	Chicago	101
National League		
Central	St. Louis	84
East	New York	96
West	Los Angeles	90
Wild Card	San Diego	85



Class 2c – 5 Aftermarket: \$20 Billion and Growing

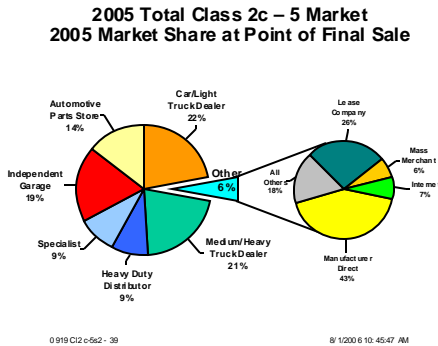
Back in December, we indicated that our multi-client research into the aftermarket driven by Class 2c-5 trucks was nearly done. And, shortly after the first of the year, the program was completed and client presentations undertaken. Since this base-case research will be developed into a DataMac® program identical in concept to our long-established Class 6 – 8 Truck DataMac®, a few high points about this market and its possibilities appear appropriate.



Dean Estrada and his research team completed 3790 interviews and surveys with operators of Class 2c-5 vehicles covering more than a dozen vocational applications. These participants operate slightly more than 186,000 Class 2c-5 vehicles, primarily trucks but with a number of school buses included as well. Four separate waves of research were conducted to generate the necessary information on 89 separate parts and component groups.

What's this market worth? At the point of last sale (over the counter or upon installation), the Class 2c – 5 aftermarket today is worth just over \$20 billion. That makes this aftermarket slightly more than 40% larger than the Class 6 – 8 aftermarket.

From our perspective, this is a huge opportunity and well fragmented today across several supplying channels of distribution.



What is perhaps even more interesting is the fact that more than half (52%) of the Class 2c – 5 parts are installed by someone other than the vehicle owner. So this is a huge service labor opportunity as well. And the 2c – 5 aftermarket is forecast to grow to more than \$25 billion by the end of this decade, driven by continuing strong sales of vehicles in these weight classes.

If you'd like more information about this study and the upcoming DataMac® program, please give John Blodgett a call or an email (john.blodgett@mackayco.com).

That's Our Story – and We're Sticking With It!

It seems that nearly every day one truck industry analyst or another is using up ink or computer screen space proclaiming and/or lamenting about the current state of the new truck industry and the huge number of orders that have been placed for trucks to be delivered this year – and not next. Somehow one gets the impression that much of this was totally unexpected and that the new monthly order data is dropping like a bolt out of the blue. For us, this is a bit hard to understand.

The chart below was part of a presentation we made at Heavy Duty Aftermarket Week back in January in Las Vegas. We felt six months ago – and we continue to feel today – that the U.S. heavy truck business will shoot out the lights this year and move sharply in the opposite direction come next year. Our US forecast for the current year was – and is – in the 280,000 – 290,000 unit range, which means about 350,000 – 360,000 total trucks for North America.



Bob Dieeli's economics piece in this newsletter makes some strong points for a "trouble ahead" situation. It is looking more clearly like there will be at least a cooling off in 2007 – and maybe something a bit more serious. So the high number in the chart for next year looks pretty good at this point. The low number for US 2007 Class 8 activity, 140,000 – 160,000 units, was predicated on problems with the 2007 engines. Feedback to this point would indicate that there doesn't seem to be a great deal wrong with the early versions of the 2007 power already on the street except...the ten grand tag that goes along with the opportunity to purchase one of these beauties installed in a rig. For many prospective purchasers, avoiding the ten grand is paramount.

Bottom line? We're sticking with our January story. Taking the crash landing position while both engines are running might be a good idea!

Future Studies

As those of you who were at our DataMac® Workshop in June know, we will be launching several studies over the next 6 - 8 months. Upcoming studies include:

DataMac® CE

A detailed study of the aftermarket demand for replacement parts on skid steers and backhoe loaders. The first in a series of studies to size and profile aftermarket demand for replacement parts for off-highway equipment used in construction applications. This study will be launched in the fall of 2006.

DataMac® Class 2c - 5

In 2005, MacKay & Company completed our first extensive study of the Class 2c - 5 commercial vehicle aftermarket. In 2007, we will launch an on-going DataMac® service for this growing market. Similar to other DataMac® services, participants will be able to subscribe to the complete study or just those product categories of interest.

DataMac® Mexico 2007

Since 1995, MacKay & Company has completed three detailed DataMac® aftermarket studies of the medium and heavy duty truck, bus and trailer market in Mexico. In 2007, we will complete our fourth study of this dynamic and unique market. We will again be working with our Mexico based research partners who have completed the field research for all the previous studies.

DataMac® Trailer

A DataMac®-type study that will address the aftermarket demand for replacement parts and components unique to trailers. This study will profile the operating universe of trailers by type and provide details on demand for door parts, landing gears and other trailer components not currently covered in DataMac® Truck. This study will be launched this fall.

Positioning For The Future In The Shifting Market For Truck And Trailer Service aka (Truck & Trailer Service Update Study # 2)

In 1997 and again in 2003, MacKay & Company completed an extensive study of the service labor market. The study profiled the service activities fleets (by vocation) were completing in their own shops and where and what service activities they were outsourcing and the rationale behind it. This study also identified what fleets anticipated doing with their future service needs.

EPA regulations, increased component durability, technician shortages and technology advancement are all having an impact on who is servicing trucks and trailers. The key for parts and service suppliers to recognize is understanding who is completing the service, what fleets want from service providers and what their future expectations are. This study will be launched in the first quarter of 2007.

Prospectuses are or will be available soon for each of these studies. If you have any questions on the studies' content, timing or participation cost, contact John Blodgett (john.blodgett@mackayco.com).

Are you a trivia buff? Think you know more than Stu? Try your hand at these questions.

1. A 3-piece suit is certainly not dangerous, unless perhaps your underwear is on fire and you need to get out in a hurry. Can you name a 3-piece truck part that truly is dangerous?
2. When was the Detroit Diesel 6-71 engine first produced – and where did much of the early production go?
3. How many different companies planned to offer ABS systems when they were first mandated in 1974?
4. In what year during the past twenty were the fewest Class 8 trucks produced in North America – and how many was that?

1. 3 piece rim
2. 1937 – WWII landing craft
3. 11 – and all wanted a 30% share.
4. 1991 – 106,000

DataMac® Lube Has Arrived!

Earlier this year, MacKay & Company launched our brand new service called DataMac® Lube. DataMac® Lube is a subscription service that tracks replacement demand for lubricants and coolants used in on-highway and off-highway vehicles. DataMac® Lube identifies the total annual U.S. demand, in gallons, for replacement engine oil, coolant, diesel fuel additives, gear oil and hydraulic transmission fluid.

Demand is further identified by the type of vehicle, vocation, fleet size, point of service, point of final sale, region, brand used and brand preferred. In addition to a detailed profile of the lubricants market, DataMac® Lube addresses a wide variety of topics related to the replacement lubricant and coolant markets. Examples include information on purchase rationale, brand loyalty, reasons for changing brands and other related topics.

DataMac® Lube currently has four options based on types of vehicles. The reports and database for each service are available today.

DataMac® Lube – CE: Covers heavy, very heavy and light earth moving equipment as well as other types of off-highway construction equipment. Specific types of equipment include haul trucks, scrapers, crawler dozer/loaders, excavators, graders, trenchers, wheel loaders, backhoe loaders, skid steer loaders, pavers, rollers/compactors, cranes, pumps and compressors.

DataMac® Lube – Ag: Covers two-wheel and four-wheel tractors, combines and other self-propelled farm equipment.

DataMac® Lube - Class 6 - 8: Covers Class 6 - 8 (19,501 to over 33,001 GVW) on-highway medium and heavy duty trucks and school buses.

DataMac® Lube – Class 2c - 5: Covers Class 2c - 5 (8,501 -19,500 GVW) on-highway commercial vehicles.

If you have questions on DataMac® Lube, please contact John Blodgett (john.blodgett@mackayco.com).

Giving DuPage

For the fourth consecutive year, the staff at MacKay & Company will be volunteering time to a not-for-profit organization in remembrance of September 11th. On Friday, September 8th, we will assist the Salvation Army in Oak Brook Terrace, IL with stocking and distributing food in the Northern Illinois Food Bank's *Mobile Pantry*. *The Mobile Pantry* is a "traveling food pantry" that delivers nutritious food directly to those who do not have access to food assistance due to time restraints, living situations or transportation. We will unload a 35-foot truck, set up and stock tables and help families meet their grocery needs. No muddy water or sun like in previous years, but lots of fun for a worthwhile cause.

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