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Volume 1, Issue 3

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Winter Greeting

As this most interesting year of 2002 draws to a close, perhaps we can give thanks that the world really did not end on October 1. And, perhaps we can also give thanks to those forecasters (ours included) who see 2003 as a much brighter opportunity than the past twelve months.

In our July newsletter, we lamented the inability of both the Cubs and the White Sox to mirror the gains of other institutions during the first half of the year. As most of you know, the situation only deteriorated as the year progressed. At this point, both teams only look good when compared with the Bears and the year-to-date performance. Good luck, Dusty Baker, you're gonna need it.

To all of you who have worked with MacKay & Company over the past year, we thank you for your support. Your confidence in our team has been truly appreciated. We hope our assistance has helped in some small way for you to reach your goals this year. We look forward to continuing our relationships with you over the coming year.

MacForecast: Starting Where The Others Leave Off

In the July Newsletter, we announced the development of a new MacKay & Company service focused on forecasting the new and used truck markets. In August, the service was christened "MacForecast", maintaining and continuing the identity of the "Mac" services (DataMac, etc.). We hope you received a copy of the prospectus on this program; if not, please let us know and one will be on its way immediately.

Two of MacKay & Company clients have now integrated the MacForecast program into their vehicle and component forecasting programs. One client is using the program primarily to forecast used truck supply and demand in conjunction with new truck sales. The second is using the program to forecast demand for specific models of components in each target weight class and vocation. This second client has told us that their product line forecast error has dropped from above 40% using conventional forecasting services to less than 15% today with MacForecast.

MacKay & Company would appreciate the opportunity to review the complete MacForecast program with you whenever this might be convenient. Just call Dave Fulghum to set up an appointment.

Aftermarket Index

As a supplier to the heavy duty aftermarket, would you like to know every month how your sales compare to several other suppliers? Would you like to know how your split between sales to the independent aftermarket and to the OEM service channels compare? And, would you like to measure your performance in the U.S., Canadian and Mexican aftermarkets against these other companies?

Several MacKay & Company clients have been doing this for more than three years — and you can, too.

Each month these companies submit to MacKay & Company — on a totally confidential basis — their sales data for each of six categories — independent aftermarket, OE service aftermarket, each category segregated by sales in the U.S., Canadian and Mexican markets. MacKay & Company then compiles this data and provides each participant with a summary of aftermarket activities for all companies. Each participant then has a basis from which to compare his aftermarket sales for that month in each of the six categories — and to evaluate trends and shifts in the market over one or several months.

Like to learn more about participation? Just call or e-mail John Blodgett for details (john.blodgett@mackayco.com)



2003 Workshop

In our last newsletter, we announced that the 2003 DataMac workshop was going to be moved from January to June. Just so you know, this was not just an idle threat! Our next workshop WILL be held in June here in the Chicago area. For those of you who have your workshop boots, scarves and hats tucked away in the closet, you may leave them there (unless, of course, your January weather is worse than ours)!

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

We indicated back in June that the issue of the global aftermarket was something on which we would focus at least part of the workshop program. This we plan to do — and we will be inviting our clients and prospects from Europe to join us for this program. We completed a study of the truck aftermarket in the U.K. about a year ago and have plans to expand this program to the continent this coming year.

We're also going to take a very detailed look at the shifting patterns of aftermarket distribution in the North American market, especially the structural changes we see evolving (or perhaps RE-evolving) in the independent side of the business. We also plan to hold update meetings for our clients in the Aftermarket Index program, the Service Study Update program and in MacForecast.

We look forward to seeing you here in June. More detail will be forthcoming as we move into the new year.

Prebuy Postscript

Back in August, most of you received a copy of "Prebuy?? — What Prebuy??" In that brief article, we examined first half/second half Class 8 sales since 1985 and also compared 2001 with 2002 truck sales activity. Three conclusions surfaced:

- On average, since 1985, 50% of truck sales occur in the first half of the year, 50% in the second.
- 2002 will look just like the average of the past 17 years.
- 2002 Class 8 sales will be effectively identical to 2001.

In his December 2 newsletter, John Stark provided diesel engine production data for both 2001 and 2002 through the third quarter for six producers. And the bottom line? 2002 diesel engine production is only up about 3% over 2001. And, it seems to be a pretty good bet that most of this 3% represents engines that are just now being installed — and may well be installed in the first quarter of 2003.

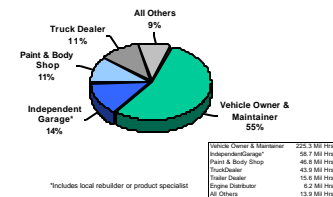
Prebuy? Not the way we see it.



Truck Service Market Study: 2003 Update

In 1997, more than 20 vehicle and component manufacturers joined MacKay & Company in a comprehensive several-month 366 page study of the market for medium duty truck, heavy duty truck and trailer service. The study concluded that the truck and trailer service market represented an opportunity of 410.4 million service labor hours. At an average (internal and external) labor rate of \$55 per hour, truck and trailer service was a \$22.6 billion market. Well, over half this market was generated by Class 8 trucks.

410.4 Million Service Labor Hours



0300 Service Study 12-03-02 - 23

12/17/2002 11:22 AM

Based not only on projected service and repair intervals for all truck and trailer components — but on several other factors as well, the truck and trailer service labor market was forecast in 1997 to decline by slightly more than 8% by 2002 to 376.1 million service labor hours. The reduction in annual service labor hours for Class 8 trucks was the most significant, projected to drop from 130 hours per year to 106.

Finally, truck operators forecast that they would increase their pace of service outsourcing. Based on input from several thousand operators and fleets, truck and trailer owners' and maintainers' share of the service labor market would decline from 55% to 47%.

In 2003, a study is being organized to determine:

- What actually happened in the truck and trailer service labor market between 1997 and 2002.
- What the composition of the service labor market will be in 2003 in the same detail as researched in 1997.
- What the probable size and composition of the service labor market will be in 2008.

In late October, a prospectus on this update study was sent to participants in the 1997 study and a number of other companies with a vested interest in the truck and trailer service market. As of early December, several companies have expressed an interest in participating in this study. It will be launched early in the first quarter of 2003 and completed late in the third quarter.

If you would like a copy of the prospectus or any other details on this program, please give us a call or shoot us an e-mail.

Coming Attractions

February 2003

DataMac Truck Report

March 2003

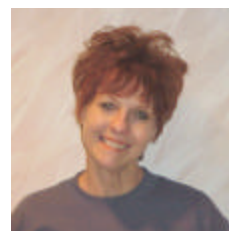
Louisville Truck Show

June 17 – 19, 2003

DataMac Workshop in Oak Brook, IL

Meet a MacKay & Company Employee

This MacKay & Company staffer is recognized most easily by her blaze of copper hair and blaze of speed around our

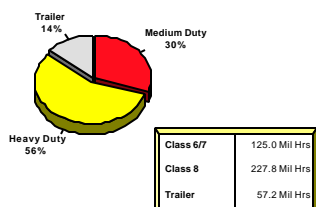


office. A key member of our staff since 1996, Gloria Manata is the hub around which most of the administrative

functions revolve. If Gloria is on it, it is as good as done. Gloria joined MacKay & Company as a secretary in 1996 with a varied and interesting background. At various times, Gloria has been a passenger service representative for American Airlines, co-owner of a body shop and a bunch of other things. She is far and away the most versatile staffer at MacKay & Company. Those of you who have worked with Gloria certainly know how quickly and well she responds to your requests.

Hats off to Gloria — who took her witch's hat to Salem, MA to celebrate Halloween this year!

410.4 MILLION SERVICE LABOR HOURS

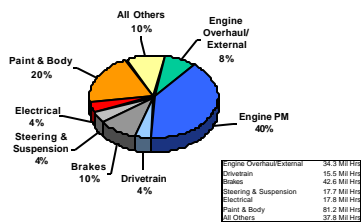


Presentation in December 2002 News.doc

12/1/02 2:49 pm

Service labor dedicated to preventive maintenance activities in 1997 represented 40% of the total service labor market. Paint and body service labor as an additional 20%.

410.4 Million Service Labor Hours



0300 Service Study 12-03-02 - 21

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Six year ago, service labor supplied by the vehicle owner and/or maintainer represented 55% of the total. Furthermore, independent service providers enjoyed more of this market than did truck dealers.



Christmas 2002: Ready or Not!

By Stu MacKay

Oh, the economy, dear, is frightful
Only interest rates delightful,
But with the Congress in tow,
Let it snow, let it snow, let it snow!

We consumers are holding our end up,
While the market continues its down/up
And the gurus don't seem to know,
Let it snow, let it snow, let it snow!

When we finally clear up this mess,
Most of us won't have more - but much
less,
"Not to worry", says Alan G.
We'll keep Social Security free!

So give thanks in this year of '02,
It's near done - and none too soon, too,
And if Dubya thinks that war's a go,
Under snow is the place to lay low!



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