



Commercial Vehicle Solutions

Commercial Vehicle
Market Intelligence Report
March 2009

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Commercial Vehicle Market Intelligence Report—March 2009

Industry Overview—U.S. New Commercial Vehicle Registrations March 2009 and CYTD March 2009

New Commercial Registrations for GVW 3-8 vehicles for the first quarter of the 2009 Calendar Year were 79,800 units, down 40.0% from the comparable period of the 2008 Calendar Year. As a reference point the first quarter of the 2008 Calendar Year was down over 25.0% from the same period during the 2007 Calendar Year. When the first quarter of the 2009 Calendar Year is compared to the record first quarter of the 2006 Calendar Year, New Registrations are down over 60%. New Registrations in the first quarter of the 2009 Calendar Year were the lowest since the last quarter of the 1991 Calendar Year when 78,700 units were registered.

There have been many articles written about the significant decline in the demand for Commercial Vehicles; however, the fact rings true when you consider that GVW 8 New Registrations have never been, since our record keeping started in January 1985, lower than the 5,704 units reported in March 2009. The previous low for any month was in February 1986 when 7,500 units were reported.

Polk Index of U.S. Commercial Vehicle Activity (GVW 3-8)

The Polk Index of U.S. Commercial Vehicle Activity for each GVW was developed to provide an additional tool in the planning arsenal of companies that conduct business in multiple GVWs and need to know where each vehicle class is trending for the current Calendar Year.

The Index is a process whereby monthly and calendar year-to-date registrations equate to the expected annualized volume for a given group of vehicles. To develop the Index, we analyzed New Registration history over an extended period of time and developed a set of factors for each month and each GVW. By applying the factors to a specific month and the calendar-year-to-date New Vehicle Registration totals, we determine an estimated annualized volume for the GVW. By comparing the monthly and calendar-year-to-date annualized numbers we can determine whether the market is getting stronger, weaker or remaining flat and make an educated judgment on the directional trends for each GVW. Our analysis has shown that the Index is a good predictor of the direction of the Calendar Year Registrations and therefore can be a useful tool for planning and for understanding the Commercial Vehicle Market.

The Polk Index of U.S. Commercial Vehicle Activity (Index) indicates GVW 3-8 New Commercial Vehicle Registrations for the 2009 Calendar Year will in all probability be in the area of 367,500 units, down 119,300 units or about 24.5% below the 2008 Calendar Year.

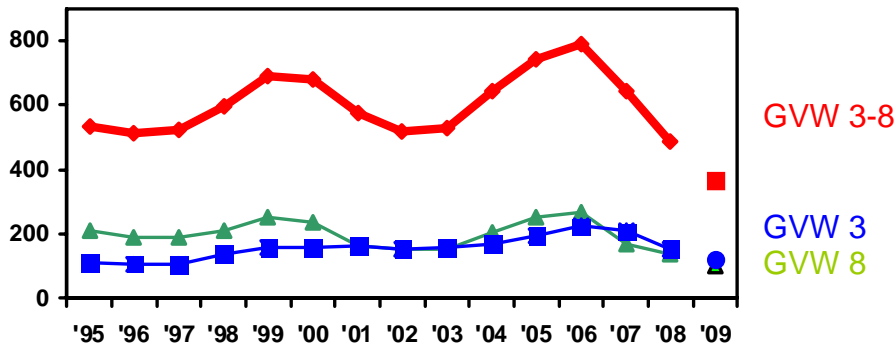
The last time New Commercial Vehicle Registrations were comparable to those seen in the first quarter of the 2009 Calendar Year, New Registrations totaled 326,800 units in the 1991 Calendar Year. As noted, the Polk Index of Commercial Vehicle Activity indicates the 2009 Calendar Year will be approximately 367,500 units based on the performance of the industry during the recent quarter. The Index assumes that there will be a gradual increase in New Registration activity during the next nine months in order to achieve the 367,500 unit annual level. Polk's Monthly Index as of March and a comparison to the 2008 Calendar Year are shown below.

Polk Index of Commercial Vehicle Activity

	Index As of March 2009	New Registrations 2008 Calendar Year	Projected Decline Units	Projected Decline %
GVW 3	120,000	155,000	(35,000)	(22.6)
GVW 4	40,000	57,000	(17,000)	(29.8)
GVW 5	30,000	36,300	(6,300)	(17.4)
GVW 6	34,500	45,600	(11,100)	(24.3)
GVW 7	45,000	56,600	(11,600)	(20.5)
GVW 8	98,000	136,300	(38,300)	(28.1)
Total Commercial Vehicles	367,500	486,800	(119,300)	(24.5)

To put the Index for GVW 3-8, GVW 8 and GVW 3 vehicles in perspective, the following chart shows the history, by Calendar Year, for each of the mentioned GVWs and the current Index for the 2009 Calendar Year.

**New Commercial Vehicle Registrations
Calendar Year (000s)**



Industry Overview—U.S. New Commercial Vehicle Registrations

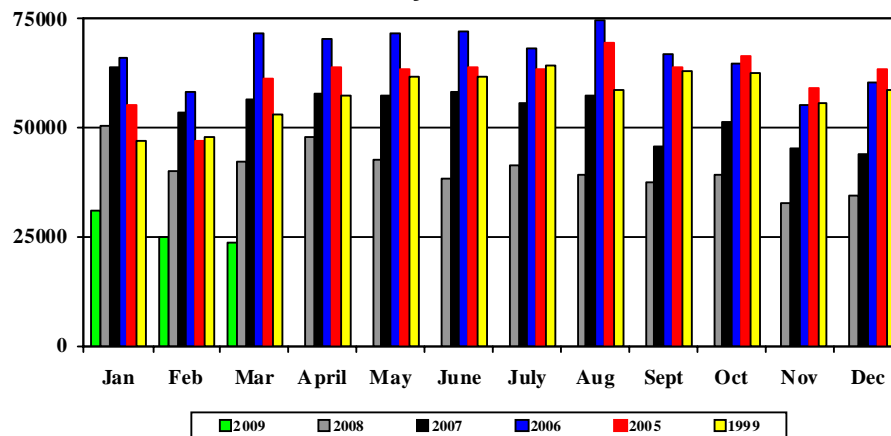
As noted previously, New Commercial Vehicle (GVW 3-8) Registrations in March were down 43.8% from March 2008. March New Registrations were the lowest for a single month since there were 22,100 units registered in November 1991. New Registrations in each GVW were lower than the comparable month in the 2008 Calendar Year. The largest declines were in GVW 4, down 51.3%, GVW 3, down 47.0% and GVW 8, down 45.2%. A similar picture is shown for January-March as seen in the following table.

U.S. New Commercial Vehicle Registrations

	Month-March	CYTD-March	CYTD-March 2008	CYTD-March 2007
	% Chg. Fr 2008	% Chg. Fr 2008	Share of Ind. (%)	Share of Ind. (%)
GVW 3	(47.0)	(45.9)	34.3	38.5
GVW 4	(51.3)	(47.1)	10.2	11.7
GVW 5	(29.2)	(29.1)	8.9	7.5
GVW 6	(44.3)	(41.0)	8.5	8.5
GVW 7	(30.1)	(25.6)	12.0	9.6
GVW 8	(45.2)	(36.2)	26.1	24.2
Industry	(43.8)	(40.0)	100.0	100.0

As can be seen from the following chart, New Registrations for GVW 3-8 vehicles at the start of the 2009 Calendar Year are following the monthly pattern shown in previous years albeit at a significantly lower level of monthly activity. This would indicate that it is highly likely the monthly pattern of activity will mirror 2008 on a monthly basis, just at a significantly lower level. The Commercial Vehicle Market is highly dependent on a good economic environment and construction. Unless there is a significant improvement during the back of the Calendar Year our forecast for the Calendar Year of 367,500 units is highly likely.

New Vehicle Registrations (GVW 3-8) By Month



The declines in both monthly and quarterly New Commercial Registrations (GVW 3-8) of 43.8% and 40.0% respectively were similar to the declines in each of the regions.

The West, which showed significant growth during the past couple of years, actually had the largest decline in the quarter, down 43.8% from the first quarter of the 2008 Calendar Year.

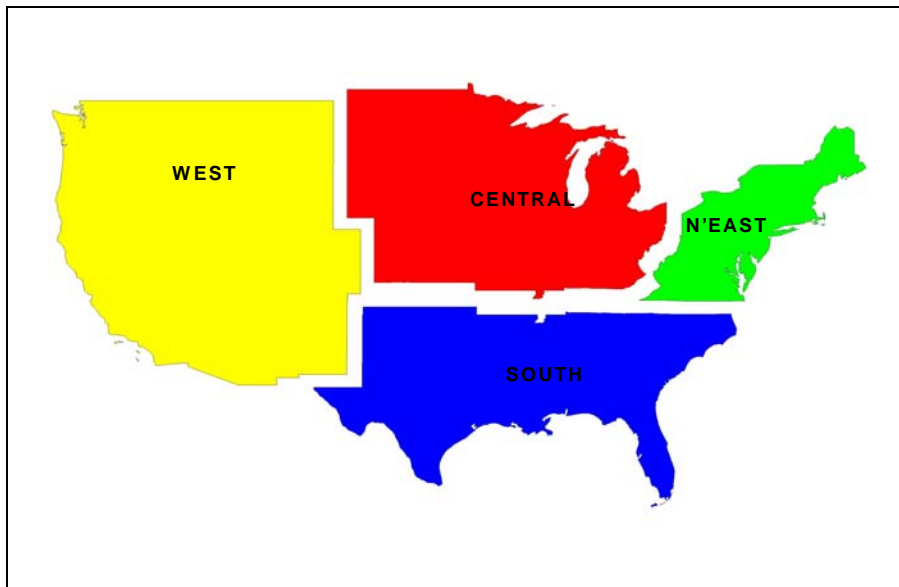
The South remains the largest region for commercial vehicle registrations accounting for 31.7% of Total New Commercial Registrations in the first quarter of 2009.

The table below recaps the performance by region.

**GVW 3-8 New Commercial Vehicle Registrations
by Region**

	Jan-Mar % Chg. Fr. 2008	Jan-Mar Share (%) 2009	Memo: Share CYTD 2008	Memo: Share Dec 2007
West	(43.8)	22.1	24.6	25.9
Central	(37.8)	23.8	23.7	21.0
Northeast	(34.8)	22.4	20.4	20.1
South	(42.0)	31.7	31.3	33.0
Total	(40.0)	100.0	100.0	100.0

Geographic Boundaries



Manufacturer Performance

During the first quarter of the 2009 Calendar Year, International was the only major commercial truck manufacturer with year-over-year New Registrations down less than 20%. International New Registrations were down only 16.7% on the strength of a year-to-year decline of only 4.7% for GVW 8 models.

All manufacturers experienced a drop in New Commercial Vehicle Registrations for the first three months of the 2009 Calendar Year when compared to the first three months of the 2008 Calendar Year. Each of the major manufacturers showed declines ranging from 60.8% for Volvo to 16.7% for International.

The following table recaps each manufacturer's performance for March and the first quarter of the 2009 Calendar Year compared to year earlier performance.

New Commercial Vehicle Registrations GVW 3-8

Brand	Units March 2009	% Chg. From March 2008	Units CYTD- March 2009	% Chg. From CYTD- March 2008
Chevrolet	2121	(48.1)	7362	(47.8)
Dodge	2613	(35.2)	7730	(43.4)
Ford	7112	(46.4)	22552	(44.1)
Freightliner	2946	(40.5)	9535	(31.9)
GMC	1105	(55.3)	5372	(28.4)
Hino	287	(33.3)	921	(23.3)
International	2500	(22.6)	8370	(16.7)
Isuzu	445	(44.4)	1298	(52.8)
Kenworth	486	(70.1)	2282	(50.2)
Mack	400	(61.4)	1780	(35.4)
Mit-Fuso	114	(46.5)	354	(47.0)
Peterbilt	704	(58.4)	2589	(48.5)
Sterling	581	(33.2)	1912	(28.4)
Volvo	439	(44.4)	1558	(60.8)
Western Star	80	(11.1)	207	(28.6)
Other	1916	(31.8)	5977	(37.1)
Total	23849	(43.6)	79799	(40.0)

Engine Summary

Commercial vehicle owners' fuel of choice is diesel, with 79.0% of all GVW 3-8 New Commercial Vehicle Registrations powered by a diesel engine. At the lighter end of the vehicle spectrum, GVW 3-5 vehicles, diesel engine penetration has actually declined. This reduction is influenced by the alignment of Ford with International diesel engines. In GVW 3 new vehicles, International diesel engine New Registrations have declined by over 50% and in GVW 4, International diesel engine New Registrations are down by 63%.

Diesel vs. Gasoline Registrations

	Jan-March '09 % Diesel	Jan-March '08 % Diesel	Jan-March '07 % Diesel
GVW 3	62.9	69.6	77.4
GVW 4	56.1	58.2	52.2
GVW 5	84.7	88.2	90.2
GVW 6	81.7	75.0	82.9
GVW 7	97.8	97.1	99.5
GVW 8	99.8	99.3	99.8
Total	79.0	78.5	85.8

For GVW 3-5 commercial vehicles, International remains the diesel engine manufacturer of preference while Cummins is the preferred diesel engine in GVW 6-8 vehicles.

Engine Manufacturer Preference by GVW

GVW	Diesel Engine Manufacturer	Gasoline Engine Manufacturer
3	INTERNATIONAL	General Motors
4	INTERNATIONAL	FORD
5	INTERNATIONAL	FORD
6	CUMMINS	FORD
7	CUMMINS	General Motors
8	CUMMINS	

In the 2007 Calendar Year, International was the leading brand for diesel power in the commercial industry. In the 2008 Calendar Year, Cummins moved into the number one spot. Through the first quarter of the 2009 Calendar Year, Cummins has a narrow lead on International.

Commercial Engine Manufacturer Performance

Manufacturer	Jan-Mar 2009	% Chg. Fr 2008	% of Ind. 2009
Cummins	21,300	(32.2)	33.7
International/Navistar	19,600	(39.3)	31.1
Isuzu	6,500	(54.4)	10.3
Caterpillar	2,600	(65.9)	4.2
MB	3,100	(44.1)	4.9
Other	10,000	(33.7)	15.8
Total	63,100	(40.7)	100.0

Fleet Summary

Within each GVW, there is a specific pattern of buying by fleets that is most easily seen by looking at the national fleet size of each company that registered a vehicle.

A real statement about the strength/weakness of the Commercial Vehicle Market is indicated by the New Registrations by companies of various vehicle sizes. During the first quarter of the 2009 Calendar Year, New Registrations were down in each GVW and within each GVW they were down in all fleet categories.

Summary by Fleet Size (GVW 3-8)

	Jan-Mar 2009	% Chg Fr 2008	% of Ind. Jan-Mar 2009	% of Ind. Jan-Mar 2008
1-5	30,900	(42.0)	38.7	40.0
6-25	8,700	(41.8)	10.9	11.3
26-100	7,900	(36.8)	10.0	9.5
101-500	8,300	(32.7)	10.4	9.2
500+	24,000	(39.9)	30.0	30.0
Total	79,800	(40.0)	100.0	100.0

New Trailer Summary

New Commercial Trailer Registrations (24+ ft. length) for the first quarter of the 2009 Calendar Year were down 62.5% from the comparable quarter in the 2008 Calendar Year.

The top five Trailer Body Types account for 74.6% of total New Trailer Registrations as compared to 79.4% during the first quarter of the 2008 Calendar Year.

Shown below are the top Trailer Body Types with performance in the first quarter of 2009 and the top brand within each category.

New Trailer Registrations (24+ ft. Length) 2009 versus 2008

Trailer Type	Jan-Mar 2009	% Chg. Fr. 2008	% of Industry 2009	Top Brand
Vans	7,900	(67.9)	52.7	Wabash
Grain	1,000	(30.2)	6.4	Timpte
Tag-A-Long	900	(46.1)	6.0	Titan
Flatbed	800	(69.5)	5.5	Transcraft
Dump	600	(56.8)	4.0	Mac
Enclosed Tag-A-Long	500	(43.2)	3.3	Haulmark
Other	3,300	(54.8)	22.1	
Total	15,000	(62.5)	100.0	

Vehicles in Operation Summary (GVW 3-8)

The total number of Commercial Vehicles Registered for use on the highways was 11,733 million units at the end of March 2009, an increase of only 189,000 units in the past twelve months. The increase in vehicles in operation of 189,000 units was less than the 433,600 New Registrations during this twelve month period indicating that the business is strictly in replacement mode.

Commercial Vehicles in Operation Units (000s)

	Mar 2009	Mar 2008	Dec 2008	Memo: Change in VIO since Mar 2008
GVW 3	3,033	2,950	3,023	83
GVW 4	1,234	1,206	1,233	28
GVW 5	634	613	630	21
GVW 6	1,552	1,550	1,557	2
GVW 7	1,647	1,635	1,651	12
GVW 8	3,633	3,590	3,649	43
Total	11,733	11,544	11,743	189

Component Demand

Based on Polk's Commercial Aftermarket Demand models, we have the capability to forecast demand for the following commercial vehicle components: tires, brakes, filters and lubricants. Through extensive research with repair shops, service stations and dealer repair facilities we have developed replacement factors for each of our component modules. These replacement factors are then used with our Vehicles in Operation data to determine overall demand for each of the modules and the components within each module. It is important to note that the capabilities of our model mirror those of the Polk TIP[®]Net product. Specifically, we can either narrow or expand our analysis to include fleet size, vocation application and geography, to name a few. The measurement of performance versus demand is an important use of our demand models.

Following are highlights of our demand model for filters.

Filter Demand

With over 11.7 million commercial vehicles registered to operate on U.S. highways and taking into account replacement cycles, we have estimated the total demand for replacement filters for diesel powered units at 72 million units with a market value of \$2.1 billion. As an example of the detail that can be provided with this service, below is the filter demand and value for GVW 8 vehicles. Similar detail is available for the other GVWs.

	Diesel Air Filter	Diesel Fuel Filter	Diesel Oil Filter
GVW 8			
Units-Millions	5.9	16.0	21.1
Value-Millions	\$212	\$591	\$684

NOTE: For information regarding our filter, lubricant or brake modules, please contact Polk at the email address listed at the end of this summary.

Market Performance by GVW Group

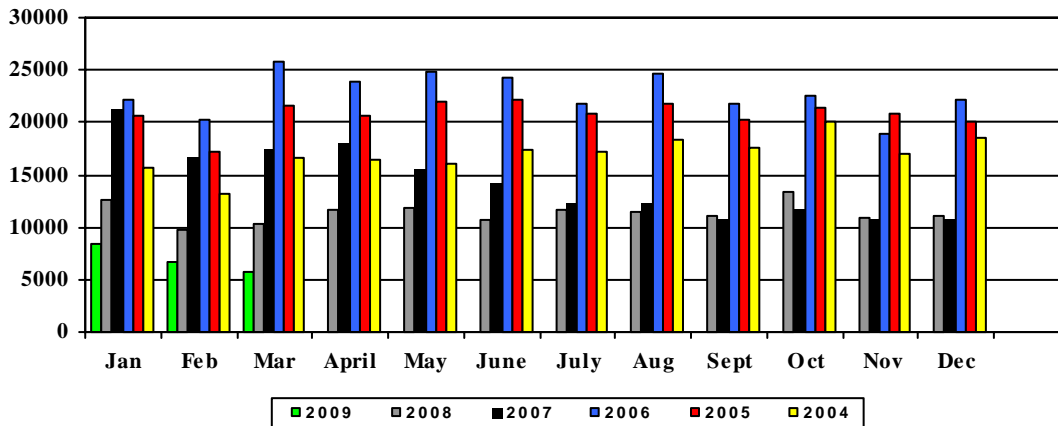
GVW 8 Performance

For January-March 2009, GVW 8 Commercial Vehicle Registrations totaled 20,847 units, down 36.2% from a year ago. As you can see from the table below, and as mentioned previously, New Registrations for GVW 8 vehicles are well below historical levels and are currently at a monthly level not previously seen.

Freightliner continues as the number one brand in GVW 8, accounting for 23.3% of total GVW 8 New Vehicle Registrations in the first quarter of the 2009 Calendar Year.

The following table shows GVW 8 New Registrations by month.

**New Commercial Vehicle Registrations
GVW 8**



GVW 7 Performance

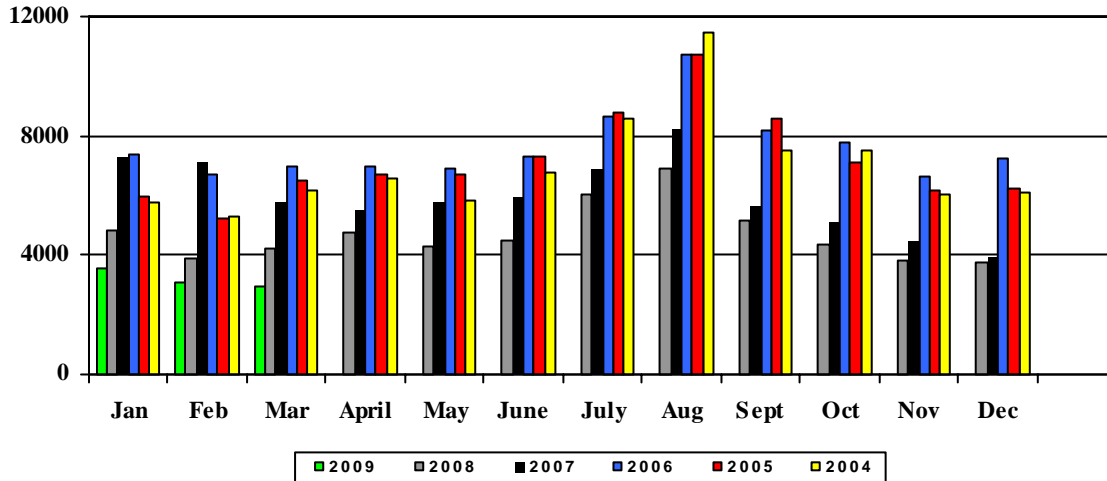
As noted earlier, through March, New Registrations were down 25.6% from the comparable quarter in 2008. March marked the fifth consecutive month in which GVW 7 New Registrations did not exceed 4,000 units. The 2,931 units registered in March was an all time monthly low for this class of vehicles.

While Freightliner is the volume leader in this vehicle segment, their New Registrations in the quarter were down 31.2% versus the segment decline of 25.6% and therefore segment share was lost. International did better in the quarter than the segment and now accounts

for over 21% of GVW 7 vehicles. If IC Corporation and International are combined, they account for almost 38% of all GVW 7 New Registrations.

Shown below are the monthly New Registration counts for GVW 7 vehicles.

New Commercial Vehicle Registrations GVW 7

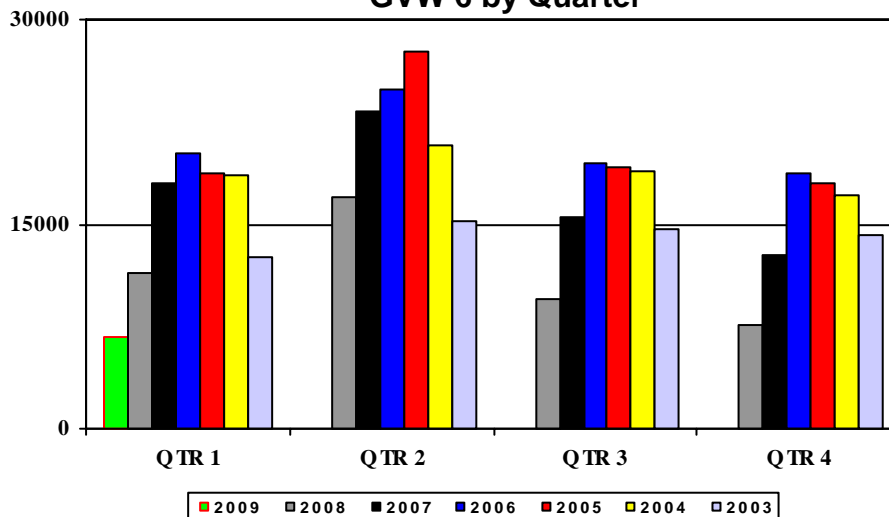


GVW 6 Performance

As you can see from the following chart, the second quarter of each Calendar Year is the strongest quarter for GVW 6 New Registrations. This is the direct result of rental companies increasing the availability of units to handle the increased seasonal demand which starts with Memorial Day.

GVW 6 New Vehicle Registrations in the first quarter of the 2009 Calendar Year were down 41.0% from the comparable quarter in the 2008 Calendar Year.

New Commercial Vehicle Registrations GVW 6 by Quarter

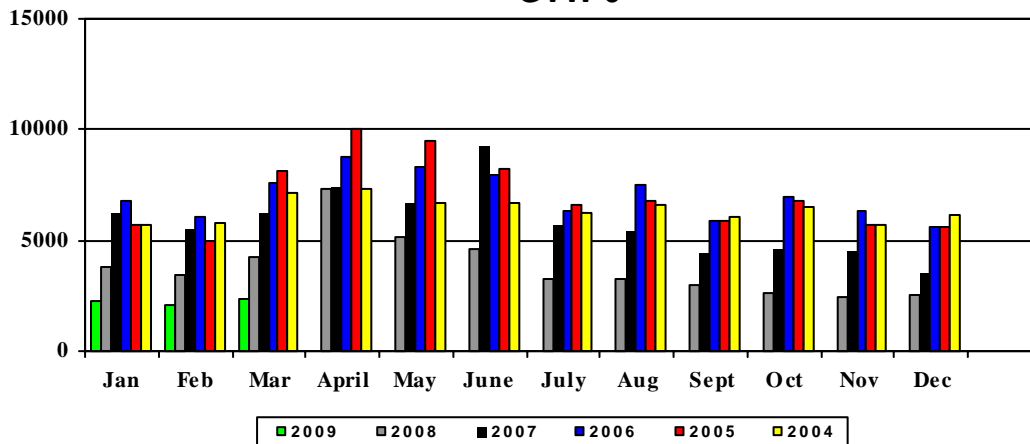


As can be seen in the following chart, GVW 6 New Registrations have been relatively flat at about 2,500 units for the past six months.

To underscore how depressed the demand is for GVW 6 vehicles, in March as well as the first quarter of the 2009 Calendar Year, GVW 6 vehicles were the smallest segment in the commercial industry, a distinction typically held by GVW 5 vehicles.

International is the brand leader in this segment with a 21.4% segment share, followed by Freightliner and Ford. Compared to the first quarter of 2008, Freightliner has increased segment penetration by over 3 share points, with the largest declines in segment share coming from Chevrolet and GMC.

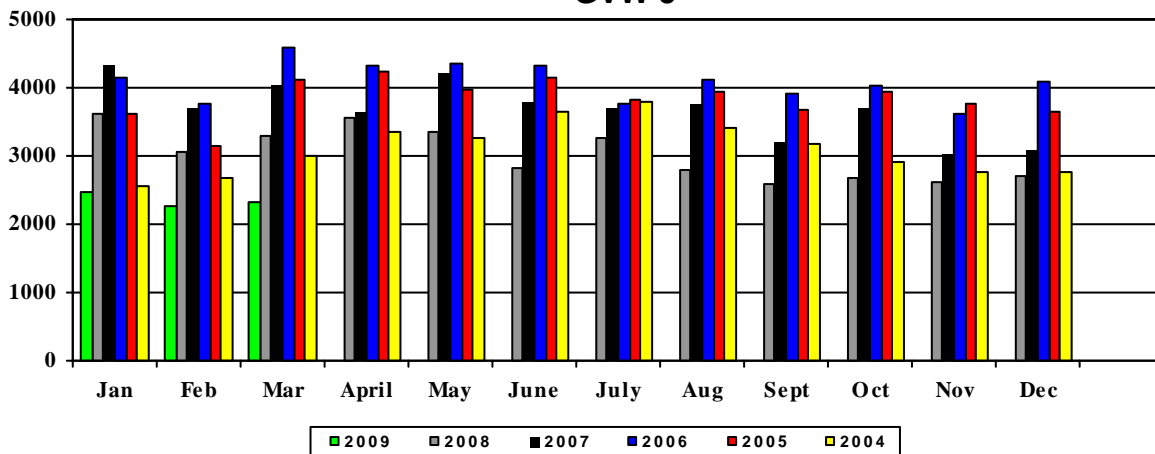
**New Commercial Vehicle Registrations
GVW 6**



GVW 5 Performance

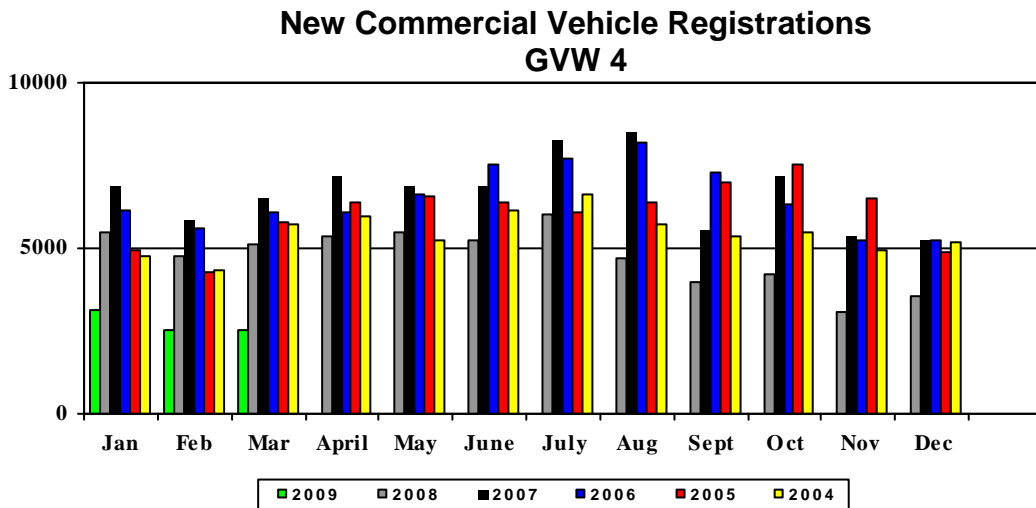
GVW 5 is typically the smallest volume segment of the Commercial Vehicle Market; however, that distinction goes to GVW 6 vehicles in the most recent month and quarter. The GVW 5 segment is dominated by Ford (51.2% share) followed by Chevrolet (16.6% share) and GMC (10.9% share). The three brands represent a combined share of 78.7% for the first quarter of 2009.

**New Commercial Vehicle Registrations
GVW 5**



GVW 4 Performance

GVW 4 New Registrations in the first quarter of the 2009 Calendar Year were down 47.1% from the comparable quarter in the 2008 Calendar Year. Ford remains the volume leader in GVW 4 with a 67.5% share.



GVW 3 Performance

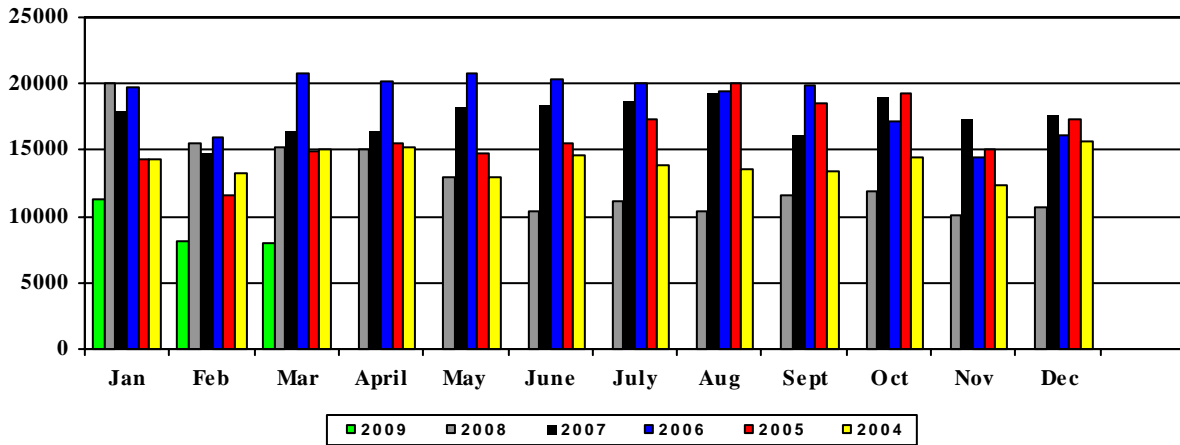
In the first quarter of the 2009 Calendar Year, GVW 3 vehicles represented the largest segment of the commercial industry, accounting for 34.3% of all New Commercial Vehicle Registrations.

Ford remains the segment leader accounting for 41.8% of all GVW 3 New Vehicle Registrations. Dodge has passed Chevrolet and moved into second place with a 24.1% share followed by Chevrolet with a 19.4% share.

GMC actually picked up over 4 share points in this segment during the first quarter of the 2009 Calendar Year compared to the same period last Calendar Year.

As shown in the following chart, GVW 3 New Registrations started the year above 11,000 units but have since declined to around 8,000 units.

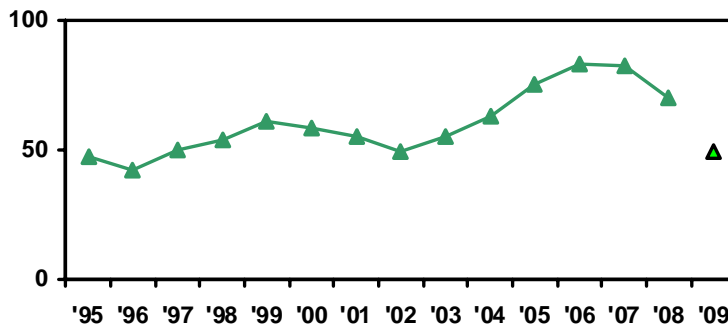
**New Commercial Vehicle Registrations
GVW 3**



**Industry Overview—Canadian New Commercial Vehicle Registrations
December and CYTD December**

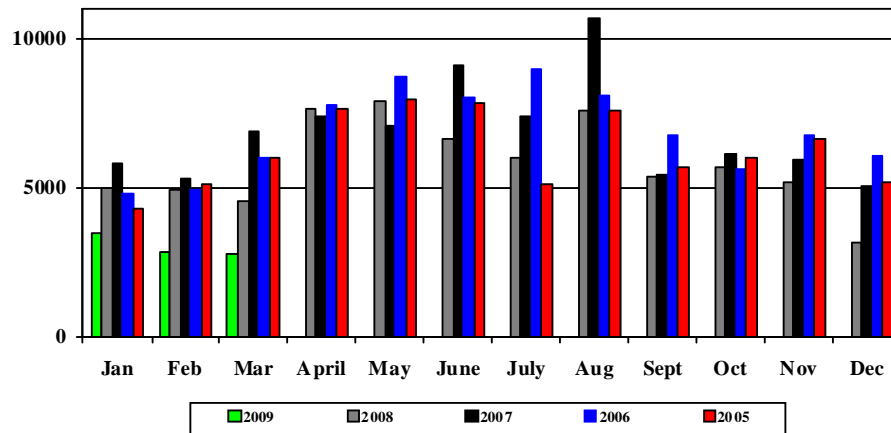
Canadian New Commercial Vehicle Registrations for GVW 3-8 for the first quarter of the 2009 Calendar Year were 9,100 units, down 37.3% from the comparable quarter in the 2008 Calendar Year. Should the Commercial Market in Canada continue to perform at the level indicated by the first quarter, the full 2009 Calendar Year would approximate 48,000 units or about 42% below the peak achieved in the 2006 Calendar Year. If the 48,000 unit level develops, the level of New Registrations will be comparable to the 2002 Calendar Year.

**Canadian New Commercial
Vehicle Registrations
GVW 3-8
000s Units**



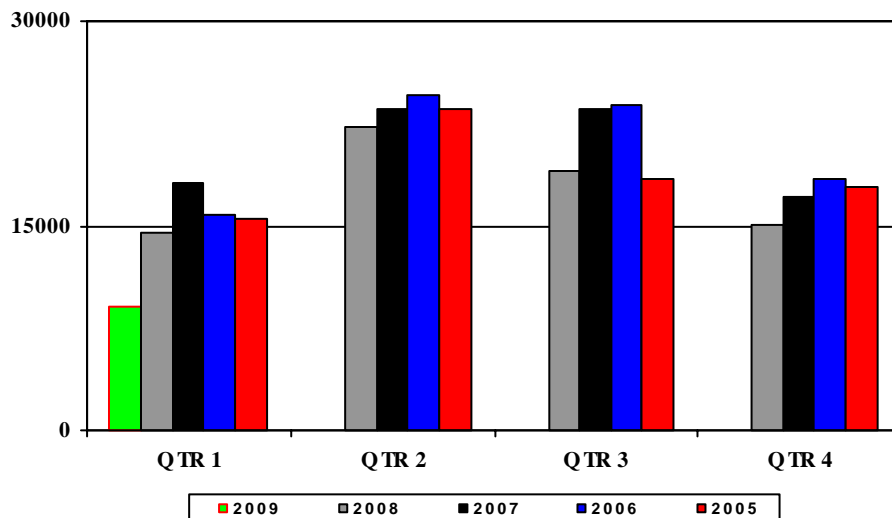
The following chart shows Canadian New Commercial Vehicle Registrations for GVW 3-8 by month for the past four Calendar Years. As you can see, there is a repeatable pattern by month that has been followed for each of the years. However, for the 2009 Calendar Year, although January followed the pattern in a reasonable fashion, there has been a significant decline in February and March.

**Canadian
New Commercial Vehicle Registrations
GVW 3-8**



As you can see from the following chart, New Commercial Vehicle Registrations in Canada are extremely predictable once the first quarter numbers are reported. For the first quarter of the 2009 Calendar Year, the level of activity is the lowest it has been in the past five years.

**Canadian
New Commercial Vehicle Registrations
GVW 3-8**



As you can see from the following chart, the total number of commercial vehicles registered to operate on Canadian highways is 1.18 million units and they are predominantly GVW 8 and GVW 3 vehicles.

**Canadian
Commercial Vehicles in Operation
Units (000s)**

	Mar '09	Dec '08	Sept '08	June '08
GVW 3	287	283	277	267
GVW 4	90	90	89	85
GVW 5	59	57	56	54
GVW 6	94	94	93	96
GVW 7	134	133	131	132
GVW 8	524	520	515	518
Total	1,188	1,177	1,161	1,152

For additional information, to add an individual to our distribution list or to clarify information contained in this report, please contact Gary Meterer at gary_meterer@polk.com

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