



## Quarterly Commercial Vehicle Report

**September 2011**



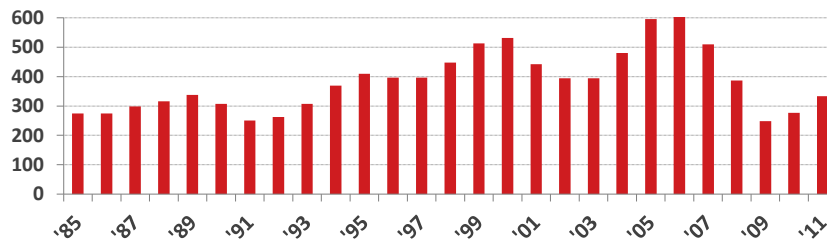
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## Industry Overview— U.S. New Commercial Vehicle Registration Summary September and CYTD 2011 *(Based on VIN Defined Vehicle Definition)*

Commercial New Vehicle Registrations for GVW 3-8 vehicles for the first nine months of the 2011 calendar year were 333,212 units, an increase of 20.5% over the 276,576 unit level achieved during the same period in the 2010 calendar year. When compared to the low point during the same period of the 2009 calendar year, New Commercial Vehicle Registrations for GVW 3-8 vehicles are up 34.4%. The recovery from the low level of New Registrations seen in the first nine months of the 2009 calendar year is the result of a 47.9% and a 46.6% increase, respectively, for GVW 3 and GVW 8 New Registrations. The following chart shows the first nine months' New Registrations by calendar year and puts the current calendar year's performance in perspective when compared to historical levels of New Registrations.

**Commercial New Registrations (GVW 3-8) January–September**

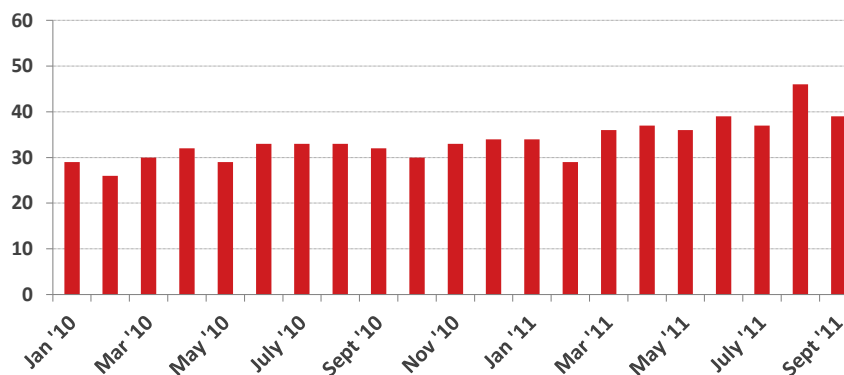


The year-over-year increase of 20.5% in GVW 3-8 Commercial Vehicles was led by GVW 5 (+30.6%), GVW 8 (+29.8%) and GVW 3 (+23.4%). GVW 7 was the only segment of commercial vehicles to not exceed the level of New Registrations achieved during the first nine months of the 2010 calendar year.

New Commercial Vehicle Registrations in September returned to a more normal level of activity following a strong August (46,217) when the 40,000 level was exceeded for the first time since August 2008. New Registrations in September were 38,903, representing a 22.3% increase over September 2010 and at a level consistent with the average monthly level achieved since April 2011.

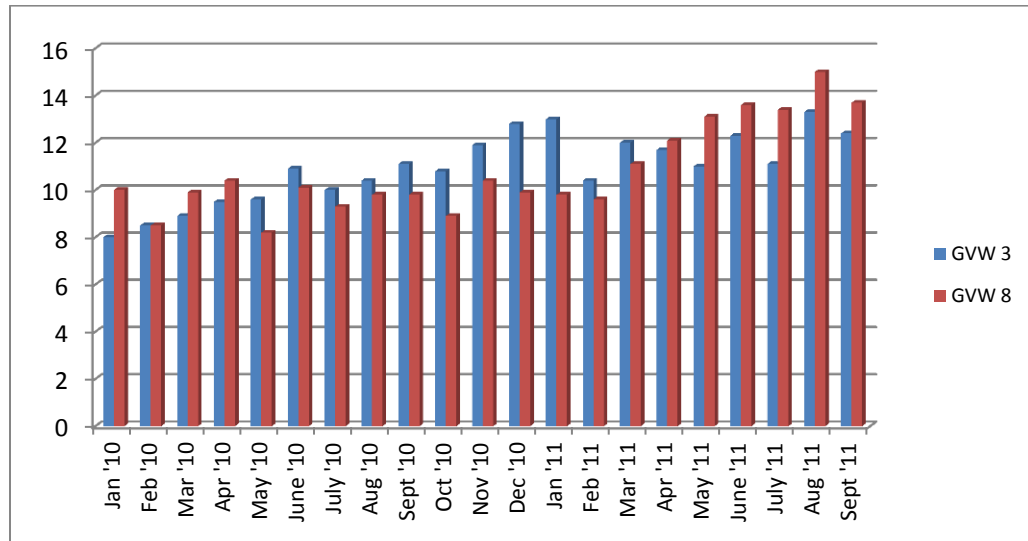
The following chart shows the monthly performance of GVW 3-8 New Registrations.

**Commercial New Registrations (GVW 3-8)**



When the New Registration trends for the two largest volume vehicle segments (GVW 3 and GVW 8) are examined individually since the start of the 2010 calendar year, two distinctly different patterns emerge. New Registrations for GVW 3 started the 2011 calendar year at the highest level achieved since January 2008, fell back in February and have remained fairly constant in the 11-12,000 unit level in the following months. Conversely, GVW 8 vehicles started the 2011 calendar year lower than January 2010, but have steadily increased to a peak, so far this calendar year, of 15,014 in August and were 13,710 in September. The level of New Registrations in August was the highest monthly total since the start of the 2007 calendar year.

#### Commercial New Registrations Monthly New Registrations



#### 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 table on the following page recaps the level of New Commercial Vehicle Registrations, indicated by the Index, at the end of the first nine months of the 2011 calendar year and compares it with the Index results for each of the previous quarters. Specifically, at the end of September, the Index indicates a 17.7% increase in New Registrations of GVW 3-8 Commercial Vehicles for the 2011 calendar year compared to the 2010 calendar year. Based on the current rate of travel for the Commercial Vehicle Industry, it is anticipated that new commercial vehicle registrations will reach 440,000 units for the 2011 calendar year, an increase of about 18,000 or about 4.3% from the March Index. This increase is the result of a continued strengthening of New Registrations of GVW 8 vehicles. While the continued

strengthening of GVW 8 vehicles has resulted in an increase in the index for these vehicles, since the start of the calendar year, the other GVWs have remained relatively consistent. At present, it is expected that GVW 7 vehicles will be the only segment to not exceed the level of New Registrations achieved during the 2010 calendar year.

#### Polk Index of Commercial Vehicle Activity by Calendar Year

	Index as of Sept 2011	Index as of June 2011	Index as of March 2011	New Registrations 2010 CY	Percent Change from 2010 CY
GVW 3	144,000	149,000	149,000	122,400	17.6
GVW 4	36,000	36,000	36,000	31,900	12.9
GVW 5	34,000	34,000	34,000	29,100	16.8
GVW 6	34,000	32,000	30,000	29,600	14.9
GVW 7	42,000	39,000	39,000	45,800	-8.3
GVW 8	150,000	140,000	134,000	115,000	30.4
Total Comm Vehicles	440,000	430,000	422,000	373,800	17.7

## Industry Overview—U.S. New and Used Commercial Vehicle Registrations

The overall health of the commercial vehicle market is best illustrated by combining New and Used Vehicle Registrations and looking at the year-to-year change. During the first nine months of the 2011 calendar year, combined registrations of GVW 3-8 Commercial Vehicles were 983,135, an increase of 22.7% when compared to the same period in the 2010 calendar year. Commercial New Registrations accounted for 33.9% of total Commercial Vehicles Registered during the nine-month period in the 2011 calendar year, down from 35.7% during the 2010 calendar year. The strength of demand for commercial vehicles is obvious when you consider that the nine-month totals for both new and used commercial vehicle registrations are almost equal to the full calendar year numbers for both categories of registrations during the full 2010 calendar year. Additionally, used commercial vehicle registrations are at record levels through the first nine months of the 2011 calendar year. More information on the Used Commercial Vehicle Market begins on page 11 of this report.

#### New and Used Commercial Vehicle (GVW 3-8) Registrations

Registrations	Jan–Sept 2011	% Chg. from Jan–Sept 2010	2011 Share (%)	Memo: 2010 CY	2010 CY Share (%)
New	333,212	20.5	33.9	373,800	35.7
Used	649,923	23.9	66.1	671,887	64.3
Total	983,135	22.7	100.0	1,045,687	100.0

## Industry Overview—U.S. New Commercial Vehicle Registrations

As noted previously, New Commercial Vehicle Registrations (GVW 3-8) during the 2011 calendar year were up 22.3% and 20.5%, respectively, from September 2011 and the first nine months of the 2010 calendar year.

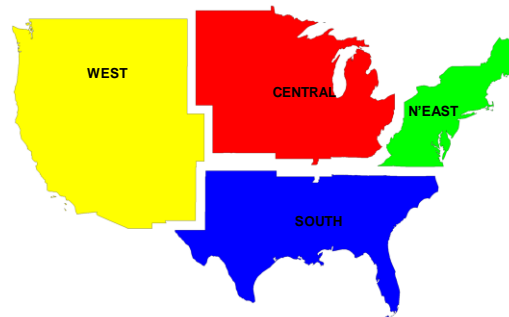
Monthly New Registrations can vary greatly on a month-by-month basis, as can be seen with the robust August followed by a more normal September; however, the significance is that on a year-to-date basis, New Registrations for the 2011 calendar year are up 20.5% from the same period last year. For the month, New Registrations were up 22.3% and there were strong registrations of GVW 6 vehicles (+ 53.6%) as well. The large increase in GVW 6 vehicles was the result of a 66.3% increase of Freightliner models.

A summary of the month and calendar year through September New Registrations by GVW is shown in the following chart.

#### New Commercial Vehicle Registrations

	Month–Sept % Chg. from 2010	Jan–Sept 2011 % Chg. from 2010	Month–Sept Share of Ind. (%)	Jan–Sept 2011 Share of Ind. (%)
GVW 3	11.7	23.4	31.8	32.2
GVW 4	-7.9	10.6	6.5	8.0
GVW 5	26.5	30.6	8.4	8.1
GVW 6	53.6	17.6	7.4	8.0
GVW 7	10.7	-5.9	10.7	10.3
GVW 8	40.1	29.8	35.2	33.4
Industry	22.3	20.5	100.0	100.0

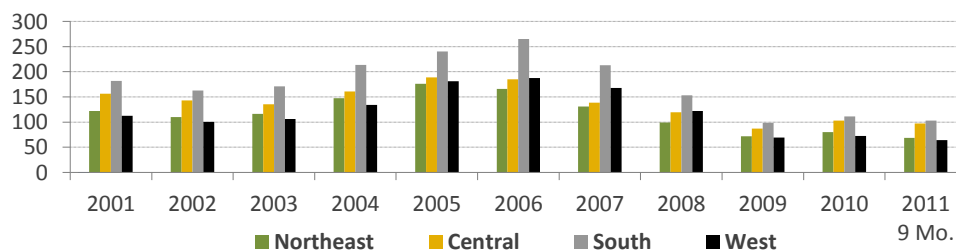
#### Geographic Boundaries



When total GVW 3-8 New Commercial Vehicle Registrations are examined by geographic region, the location of major fleets, dealers, customer preferences and the business environment give each region a specific business profile. Both the South and Northeast regions' share of total New Registrations have been fairly consistent over the past decade, while the Central and West regions have shown large swings in volume during this same period.

The following chart shows New Registrations for each of the regions since the 2001 calendar year. Regardless of the industry volume in a given calendar year, the South has the highest number of New Registrations followed, typically, by the Central region. A strong case can be made that New Registrations in the South region are a good indicator of how the industry will perform. In the January-September period of the 2011 calendar year, New Registrations in the South region were up 25.5% compared to the total Commercial Vehicle increase of 20.5%.

#### New Commercial Vehicle Registrations by Region (000s)



Taking a closer look at the individual regions and as noted, the South region is performing considerably better than the other regions with a 25.5% increase in the first nine months of the 2011 calendar year versus the same period in the 2010. In the South region, four of the six vehicle segments (GVWs 3, 5, 7 and 8) performed better in the region than they did on a national basis.

#### GVW 3-8 New Commercial Vehicle Registrations % change 2011 CYTD vs. 2010 CYTD

	GVW 3	GVW 4	GVW 5	GVW 6	GVW 7	GVW 8	Total
<b>West</b>	26.6	31.0	32.6	25.4	0.0	9.8	21.0
<b>Central</b>	27.7	-4.0	33.0	11.3	-12.5	31.5	20.1
<b>Northeast</b>	12.2	8.2	22.3	18.7	-7.2	26.9	13.6
<b>South</b>	25.8	-.7	36.5	17.5	1.6	40.6	25.5
<b>Total</b>	23.4	10.6	30.6	17.6	-5.9	29.8	20.5

The good news for the commercial vehicle manufacturers and the supplier community is the uniform strength of GVW 3, 6 and 8 vehicles across the country.

### Manufacturer Performance

New Commercial Vehicle Registrations (GVW 3-8) by manufacturer for the first nine months of the 2011 calendar year show uniform strength, with only a few exceptions. International (-.6%) and Mitsubishi Fuso (-37.5) New Registrations in the period did not equal the level achieved during the same period in the 2010 calendar year.

Ford remains the leading manufacturer of commercial vehicles with a 27.3% share, followed by Freightliner with a 16.2% share and International with a 10.5% share. Of these three manufacturers, only Freightliner increased its share of the commercial vehicle market when compared to the first nine months of the 2010.

The following table recaps each manufacturer's performance for September and for the first nine months of the 2011.

#### New Commercial Vehicle Registrations

Brand	Sept 2011	% Chg. from 2010	Jan–Sept 2011	% Chg. from 2010
<b>Chevrolet</b>	3,024	23.4	25,131	38.5
<b>Dodge</b>	3,418	24.2	28,110	25.3
<b>Ford</b>	9,238	-5.6	91,286	16.3
<b>Freightliner</b>	6,927	60.9	54,004	37.1
<b>GMC</b>	778	10.8	8,168	8.0
<b>Hino</b>	440	37.5	3,628	30.1
<b>International</b>	4,123	39.2	34,990	-.6
<b>Isuzu</b>	792	66.4	7,168	20.8
<b>Kenworth</b>	1,951	39.7	16,171	47.9
<b>Mack</b>	771	-4.0	8,754	35.1
<b>Mit-Fuso</b>	285	39.7	1,281	-37.5
<b>Peterbilt</b>	2,193	67.0	16,664	49.6
<b>Volvo</b>	1,490	66.3	13,515	90.2
<b>Western Star</b>	136	46.2	1,144	56.3
<b>Other</b>	3,337	.2	23,198	-12.8
<b>Total</b>	38,903	22.3	333,212	20.5

## Engine Summary

Commercial vehicle owners' fuel of choice remains diesel with 80.7% of total GVW 3-8 New Commercial Vehicle Registrations in the first nine months of 2011 powered by a diesel engine, up slightly from the 80.1% share during the same period in 2010. There continues to be a switch towards diesel in GVW 3 with Ford, GM and Dodge contributing to the shift; while in GVW 4, the opposite is happening with a pronounced shift to gasoline power. The shift in GVW 4 is the result of a shift away from diesel power in a segment in which Ford accounts for more than 64.0% of total New Registrations. The other shift in diesel versus gasoline power is taking place in GVW 6, where, when GM was a player in this segment, the gasoline engine was dominant; however, since GM has vacated to higher GVWs, there has been a significant movement to diesel power.

The following table shows the installation rate of diesel engines by GVW.

**Diesel Engine penetration (%) by GVW**

	Jan–Sept 2011	Jan–Sept 2010	2010 CY	2009 CY
<b>GVW 3</b>	69.5	65.7	67.0	64.9
<b>GVW 4</b>	33.9	40.4	36.6	52.2
<b>GVW 5</b>	73.9	79.0	77.8	81.9
<b>GVW 6</b>	83.3	85.2	81.0	80.4
<b>GVW 7</b>	98.4	97.2	97.0	97.4
<b>GVW 8</b>	98.2	97.3	97.5	99.5
<b>Total</b>	80.7	80.1	79.2	81.8

The first nine months of the 2011 calendar year showed some interesting changes in the installation rates of diesel engines by manufacturer. Specifically, during the first nine months of 2010, International was the primary diesel engine in GVW 4-6 vehicles. In the first nine months of the 2011 calendar year, Ford was the leader in diesel engine installations in GVW 3 and GVW 5, Isuzu was the leader in GVW 4 and Cummins took over leadership in GVW 6 vehicles.

Cummins remains the preferred diesel engine in GVW 7-8 vehicles.

**Engine Manufacturer Preference by GVW**

GVW	Jan–Sept 2011 Diesel Engine Manufacturer	Jan–Sept 2010 Diesel Engine Manufacturer	2010 CY Diesel Engine Manufacturer	2009 CY Diesel Engine Manufacturer
<b>3</b>	FORD	CUMMINS	CUMMINS	INTERNATIONAL
<b>4</b>	ISUZU	INTERNATIONAL	INTERNATIONAL	INTERNATIONAL
<b>5</b>	FORD	INTERNATIONAL	INTERNATIONAL	INTERNATIONAL
<b>6</b>	CUMMINS	INTERNATIONAL	INTERNATIONAL	CUMMINS
<b>7</b>	CUMMINS	CUMMINS	CUMMINS	CUMMINS
<b>8</b>	CUMMINS	CUMMINS	CUMMINS	CUMMINS

While Cummins remains the number one diesel engine manufacturer in the commercial vehicle industry and has actually grown its lead during the first nine months of the 2011 calendar year, International is being challenged by Ford for second place in diesel engine New Registrations (International has a lead of less than 600 units on Ford for second place through the first nine months of 2011). Detroit Diesel is a distant fourth.



The following table shows the performance of the major diesel engine manufacturers.

#### Commercial Diesel Engine Manufacturer Performance

Manufacturer	Jan–Sept 2011 Units	Jan–Sept 2011 Share (%)	Memo: 2010 CY Share (%)
Cummins	88,550	32.9	32.8
Ford	42,894	16.0	8.9
International/Navistar	43,451	16.2	22.1
Detroit Diesel	27,643	10.3	8.3
Other	66,385	24.6	27.9
Total	268,923	100.0	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 statement about the strength/weakness of the commercial vehicle market is indicated by the New Registrations by companies of various vehicle sizes. As noted previously, with the exception of GVW 7, New Registrations during the first nine months of the 2011 calendar year were up in each GVW when compared to New Registrations during the same period last calendar year.

When the Commercial Vehicle market is examined by fleet size, the analysis indicates continued good news at both ends of the spectrum. Specifically, through the first nine months of the 2011 calendar year, both small fleets (1-5 units) and large fleets (101+ units) increased their share of Commercial Vehicle New Registrations at a rate greater than the market in total.

#### Summary by Fleet Size (GVW 3-8) January–September

	% Chg from 2010	Jan–Sept % of Ind. 2011	Jan–Sept % of Ind. 2010	Memo: % of Ind. 2010 CY	Memo: % of Ind. 2009 CY
1–5	24.1	32.7	31.8	33.4	31.9
6–25	12.8	10.0	10.6	10.4	11.3
26–100	10.7	10.3	11.3	10.3	11.2
101–500	22.3	11.3	11.1	11.2	12.1
500+	22.1	35.7	35.2	34.7	33.5
Total	20.5	100.0	100.0	100.0	100.0

#### Vocational Applications

One of the questions that Polk is consistently asked is, “How are the vehicles in various GVWs used?” One of the methods that Polk uses to help answer this question is by identifying the primary business of the company registering the vehicle. We then summarize this information into 30 categories. One of the primary categories is Individual (a vehicle that is registered to a person rather than a business). This category allows Polk to understand the influence of retail incentives on drawing customers into a higher GVW product. It also allows for a better understanding of the total owner operator segment in GVW 8 vehicles.

Through the first nine months of the 2011 calendar year, 19.0% of total New Commercial Vehicle Registrations were to Individuals and these New Registrations were primarily in GVW

3 vehicles. Additionally 17.6% of total New Commercial Vehicle Registrations were to companies involved in the rental/leasing of vehicles and the New Registrations were primarily in GVW 6 and GVW 8 vehicles.

As you can see from the following table, 48.1% of GVW 3 vehicles were registered to private individuals. Regarding the rental/leasing business, 40.5% of GVW 6 vehicles were registered to a company involved in the rental/leasing business and the number was 32.0% for GVW 4 vehicles and 22.8% for GVW 8 vehicles.

#### Summary of Individual and Rental/Leasing Vocations (January-September 2011)

	Individual % Chg From 2010	Individual % Of GVW		Rental/Leasing % Chg From 2010	Rental/Leasing % Of GVW
GVW 3	25.7	48.1		12.7	6.1
GVW 4	-5.5	15.5		58.9	32.0
GVW 5	28.7	10.2		66.2	9.0
GVW 6	-2.6	13.5		70.8	40.5
GVW 7	-33.3	5.2		44.5	14.1
GVW 8	-7.2	2.9		41.5	22.8

#### Vehicles in Operation Summary (GVW 3-8)

The total number of Commercial Vehicles Registered for use on the highways was 11,421,000 units at the end of September 2011, down 264,000 units from the end of the 2010 calendar year.

#### Commercial Vehicles in Operation Units (000s)

	Sept 2011	Dec 2010	Dec 2009	Dec 2008
GVW 3	3,089	3,101	3,063	3,023
GVW 4	1,225	1,237	1,241	1,233
GVW 5	657	660	645	630
GVW 6	1,401	1,500	1,532	1,557
GVW 7	1,560	1,612	1,624	1,651
GVW 8	3,489	3,575	3,573	3,649
Total	11,421	11,685	11,678	11,743

The commercial vehicle population continues to get younger as the extremely older models are taken out of service and replaced with both new (first time registered) and clean used equipment. Since the end of the 2010 calendar year, the total vehicle population has declined by 264,000 units; however, vehicles of model year 1999 and earlier have declined by 541,000.

The following table summarizes the vehicle population by model year and illustrates the comment that the vehicle population is getting younger. In each of the categories, except for model years 2000 and newer, the vehicle population has continued to decline since the end of the 2010 calendar year.

#### Commercial Vehicles in Operation by Year Model (000s)

Model Year	Sept 2011	2010 CY	2009 CY	Share (%) Sept 2011	Share (%) 2010 CY	Share (%) 2009 CY
Pre-1980	338	548	591	3.0	4.7	5.0
1980–1989	1,234	1,379	1,502	10.8	11.8	12.9
1990–1999	3,313	3,499	3,687	29.0	29.9	31.6
2000–current	6,536	6,259	5,898	57.2	53.6	50.5
<b>Total</b>	<b>11,421</b>	<b>11,685</b>	<b>11,678</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

From a parts and service perspective, and an integral part of the Polk Aftermarket Commercial Vehicle Parts Demand Forecast, 42.8% of the vehicle population is models produced prior to the 2000 model year. This ranges from a high of 51.3% in GVW 6 to a low of 36.3% for GVW 5 vehicles. All of the numbers indicate a strong market for replacement parts and service and it is a matter of identifying where these vehicles reside and going after the business.

#### Commercial Vehicles in Operation Prior to 2000 Model Year

Model Year	Units Prior to 2000 Model Year (000s)	Units Prior to 2000 Model Year (%)
GVW 3	1,154	37.3
GVW 4	553	45.2
GVW 5	239	36.3
GVW 6	719	51.3
GVW 7	746	47.8
GVW 8	1,474	42.3
<b>Total</b>	<b>4,885</b>	<b>42.8</b>

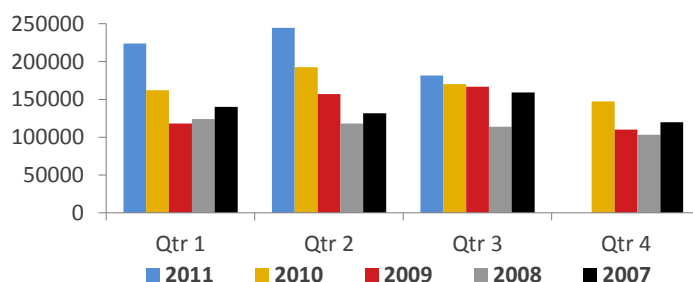
## Industry Overview—U.S. Used Commercial Vehicle Registrations January–September 2011

Used Commercial Vehicle activity is another gauge of the strength/weakness of the commercial vehicle market. The process used by Polk to report a used transaction is to identify vehicles that have both an owner name and an address change. This is a very tight definition of used vehicle transactions because of the requirement for both a business name and an address change for the transaction to be considered. Therefore, we would consider our used truck number to be a conservative estimation of the level of used commercial transactions. Our data does have the ability to identify the upper limit of used transactions by counting all commercial vehicles that have either a name or an address change. The definition that Polk uses has been agreed to by industry experts as a valid measure of the used truck market.

For the January–September 2011 period, Used Commercial Vehicle Registrations totaled 649,923 units, an increase of 23.9% when compared to the same nine-month period in the 2010 calendar year. Clean used commercial vehicles continue to be in high demand, as exemplified by the record level of used vehicle transactions reported during each of the first three quarters of the 2011 calendar year. When used transactions are examined in

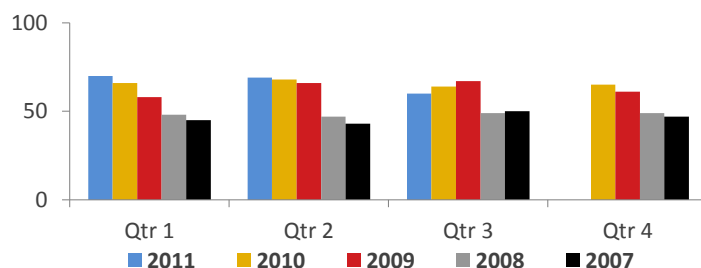
combination with vehicles in operation, it is apparent that older units are being replaced by clean used equipment. The following chart shows used transactions by quarter.

**Used Commercial Vehicle Registrations (GVW 3-8)**



With the stronger new vehicle registrations during the most recent quarter, used vehicle transactions share fell slightly from the previous two quarters; however, they still remain at record levels as a percent of total vehicle transactions.

**Used Commercial Vehicle Registrations (GVW 3-8)  
Share (%) of Total Vehicle Registrations**



During the first nine months of the 2011 calendar year, 28.4% of used vehicle transactions were GVW 3 vehicles. The following table illustrates the shortage of clean GVW 8 vehicles, as only 38.8% of total used vehicle transactions were GVW 8 vehicles and the year-over-year change in used transactions of GVW 8 vehicles was .3%.

The following table summarizes Used Vehicle Registrations for the first nine months of the 2011 calendar year as compared to the 2010 calendar year by GVW.

**Used Commercial Vehicle Registrations by GVW**

	Jan-Sept 2011	% Chg Fr. 2010	Jan-Sept Share (%)	2010 CY	% Chg Fr. 2009	2010 Share (%)
<b>GVW 3</b>	185,059	58.0	28.4	153,651	9.0	22.9
<b>GVW 4</b>	59,020	63.9	9.1	46,851	-6.0	7.0
<b>GVW 5</b>	31,763	60.2	4.9	26,206	4.8	3.9
<b>GVW 6</b>	59,610	43.2	9.2	54,592	8.3	8.1
<b>GVW 7</b>	62,537	6.7	9.6	70,607	20.5	10.5
<b>GVW 8</b>	251,934	.3	38.8	319,980	40.9	47.6
<b>Total</b>	649,923	23.9	100.0	671,887	21.7	100.0

## New Trailer Summary

New Commercial Trailer Registrations (24+ ft. length) for the first nine months of the 2011 calendar year were up 50.3% from the comparable period in the 2010 calendar year.

The top three trailer body types account for 84.8% of total New Trailer Registrations as compared to 83.0% during the first nine months of the 2010 calendar year.

The following table shows the top three trailer body types with performance in the first nine months of 2011 calendar year and the top two brands within each category.

**New Trailer Registrations (24+ ft. Length) 2011 versus 2010**

	Jan-Sept % Chg. From 2010	Top Brands by Body Type
Vans	-43.2	Wabash and Great Dane
Container Chassis	-	Hyundai and Cheetah Chassis
Grain	-.3	Timpfe and Wilson
Flatbed	95.1	Utility and Great Dane

## 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, lubricants and engine parts. 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 (VIO) 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 models mirror those of the Polk TIP<sup>®</sup>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.

Polk's aftermarket commercial parts replacement analysis previously provided a demand forecast for filters, fuels, tires, engine parts and brake parts. The offering has been expanded to include electrical and cooling systems, steering systems, suspensions, wheel ends and exhaust. Some of the parts that are available in the new categories are: starters, alternators, batteries, belts, power steering and shock absorbers, to list a few. If these parts are of interest, reply to [gary\\_meteer@polk.com](mailto:gary_meteer@polk.com).

## Electrical Parts Demand

The starting point for the forecast of aftermarket parts demand is the current Vehicles in Operations level (11.4 million units) and then the following are taken into account: vehicle age, the vocation in which the vehicle is used and the replacement cycle for each specific part. The chart on the next page shows the forecast of the replacement demand for starters for the next 12 months installed in Ford commercial vehicles (GVW 3-8).

### Starter Replacement Demand for Ford Commercial Vehicles

	New Starters
GVW 3	20,800
GVW 4	8,400
GVW 5	9,600
GVW 6	4,700
GVW 7	4,500
GVW 8	3,800
Total	51,800

**NOTE:** For additional information regarding our filter, lubricant, tire, brake or engine replacement factors, please contact Polk at the email address listed at the end of this summary.

## Market Performance by GVW Group

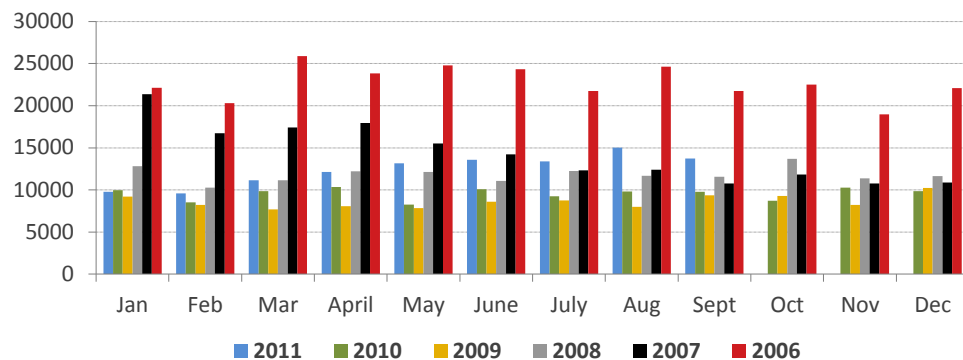
### GVW 8 Performance

As mentioned earlier, GVW 8 New Registrations for the first nine months of the 2011 calendar year were up 29.8% from the same period in the 2010. Of the six major manufacturers participating in GVW 8, International was the only one with New Registrations below the first nine months of the 2010 calendar year (-9.5%). For the remaining five manufacturers, Volvo's year-over-year increase of 99.6% was the best and is followed by Peterbilt (53.8%), Kenworth (53.7%), Freightliner (48.3%) and Mack (37.6%).

With the significant increase by Volvo, its share of GVW 8 vehicle New Registrations increased to 11.5%. Conversely, the large decline in International New Registrations resulted in a decline of more than seven share points to 17.2% compared to 24.6% during the first nine months of the 2010 calendar year.

New Registrations during the first nine months of the 2011 calendar year started slowly, but after March have been fairly flat except for August. As you can see from the following chart, New Registrations during the past three years reached a level of activity and then continued at that level for the remainder of the year. This indicates that New Registrations are reacting to lease expirations and the replacement is one of new equipment for the expired equipment with little or no additions to the fleets.

### New Commercial Vehicle Registrations GVW 8



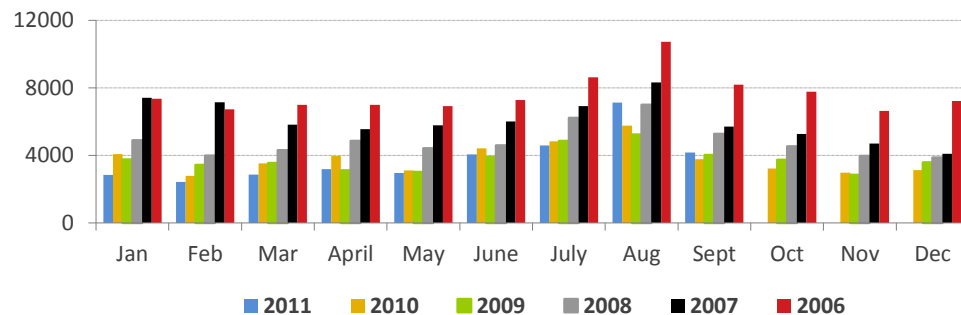
## GVW 7 Performance

GVW 7 was the only commercial vehicle segment with New Registrations in the first nine months of the 2011 calendar year below the level achieved during the same period in the 2010. Freightliner was the leader in GVW 7, with a segment share of 31.3% and New Registrations of 10,721 (+ 2.4%) over the comparable period in the 2010. There are three other brands that collectively accounted for more than 50.0% of this segment. They are: International (20.1%), IC Corporation (17.8%) and Blue Bird (12.9%). These three brands, plus Freightliner, collectively account for more than 82.0% of GVW 7 New Vehicle Registrations.

Bus transportation, the primary vocation in this segment with a 31.3% share, is critical to understanding the movement and performance of this commercial vehicle segment.

New Registrations for GVW 7 vehicles have a very unique and repeatable pattern of monthly New Registrations that gradually increases to the peak month of August and then declines as a result of the bus transportation requirements of school districts are reduced. You can see that the 2011 calendar year has followed the historical pattern, as there was a significant upswing in New Registrations during August followed by a significant decline in September. If bus transportation vehicles are not included in an analysis of GVW 7 performance, the findings may not accurately reflect the strength/weakness of this market.

### New Commercial Vehicle Registrations GVW 7



## GVW 6 Performance

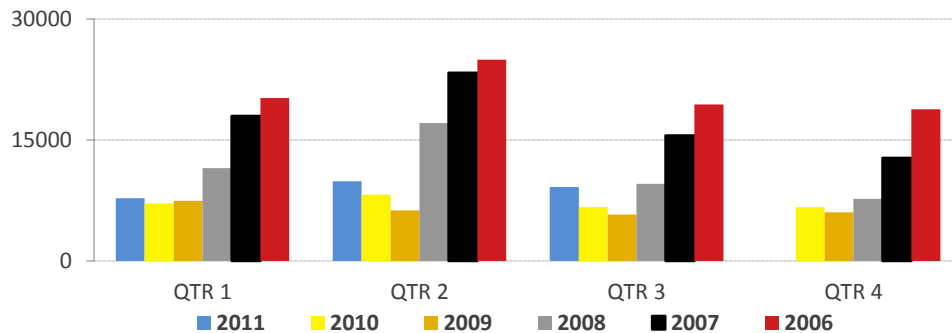
GVW 6 vehicles continue to be the primary vehicles used by rental/leasing companies, as these vehicles are used by individuals for the purpose of moving household goods and businesses rent/lease these vehicles to move goods to balance inventories with demand.

As previously shown in the section dealing with vocations, GVW 6 New Vehicle Registrations have been significantly influenced by the rental/leasing business during the first nine months of the 2011 calendar year. GVW 6 New Registrations by rental/leasing companies increased 70.8% over the comparable period during the 2010 calendar year and registrations to these companies accounted for 40.5% of New Registrations in GVW 6 during the first nine months of the 2011 calendar year.

GVW 6 New Vehicle Registration during the 2011 calendar year were significantly lower than they were in the 2006 and 2007 calendar years; however, the good news is that this segment of the market is getting more active.

The following table shows the pattern of GVW 7 deliveries by quarter.

**New Commercial Vehicle Registrations GVW 6 by quarter**

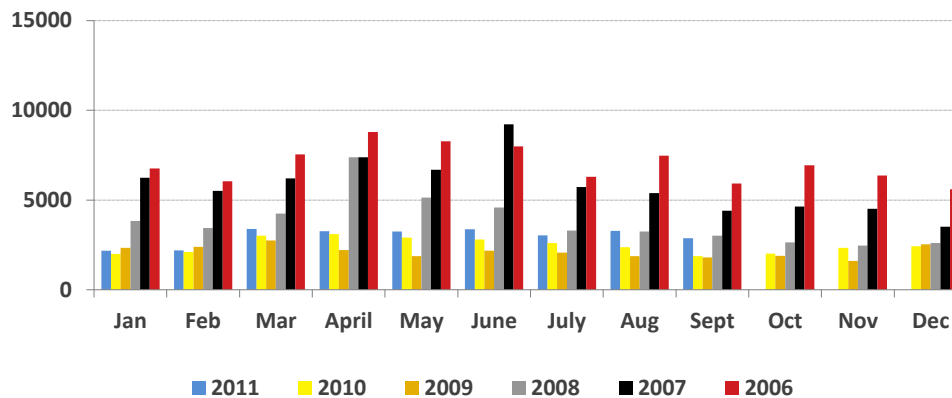


Because GVW 6 vehicles are primarily used by rental/leasing companies, segment leadership is often the result of a company winning a competitive bid with one or more of the rental/leasing companies. Through the first nine months of the 2011 calendar year, Freightliner had a slim (.3 share points) lead over International for segment leadership with Ford a distant third. Freightliner New Vehicle Registrations in the first nine months of the 2011 calendar year were up 66.3% from the comparable period in the 2010 calendar year, followed by Hino (+53.0%) and Ford (+35.2%).

An example of how much share can swing within GVW 6 is the switch from the first nine months of 2010 to the first nine months of the 2011 calendar year. During the first nine months of the 2010 calendar year, Freightliner accounted for 20.9% of total GVW 6 New Vehicle Registrations and one year later, they are the segment leader with an increase of almost nine share points.

The following chart shows the monthly pattern of GVW 6 New Vehicle Registrations.

**New Commercial Vehicle Registrations GVW 6**





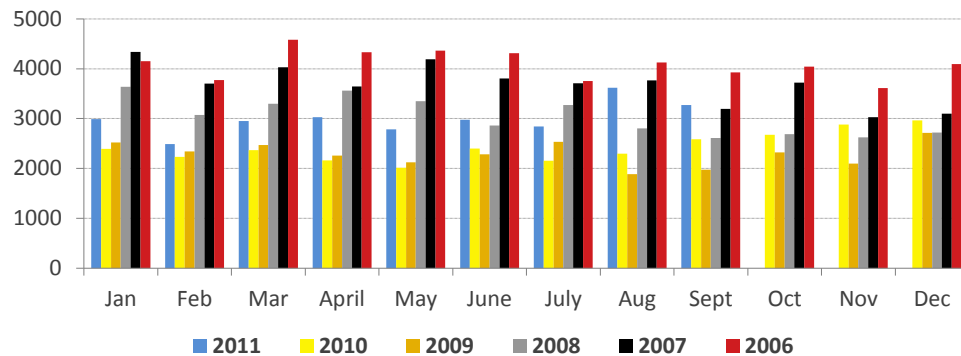
### GVW 5 Performance

New Registrations of GVW 5 vehicles were up 30.6% in the first nine months of the 2011 calendar year when compared to the same period in the 2010 on the strength of a 92.6% increase for Dodge and a 44.2% increase by Ford.

Even with the strong showing by Dodge, Ford increased its dominance of this vehicle segment to 65.3% compared with a 59.2% segment share during the same period of the 2010 calendar year. The share gain for Ford, and to a lesser extent Dodge, came at the expense of Chevrolet, GMC and Freightliner.

The following chart shows the monthly track of New Registrations.

**New Commercial Vehicle Registrations GVW 5**

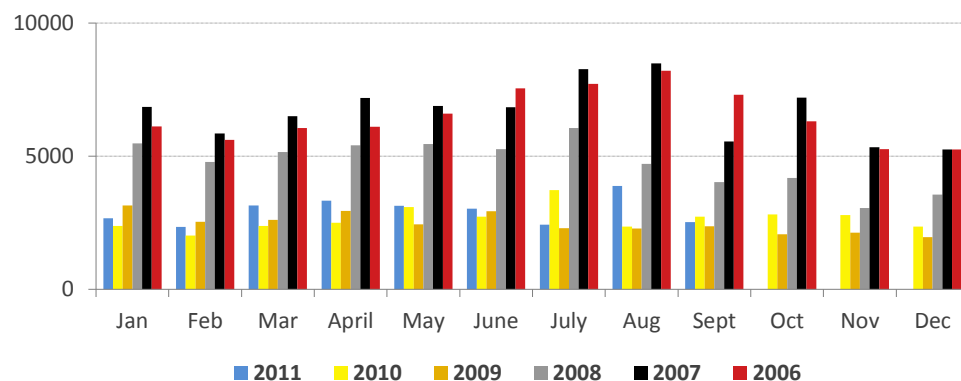


### GVW 4 Performance

GVW 4 New Registrations for the first nine months of the 2011 calendar year were up 10.6% from the same period in the 2010. Ford is the segment leader with a 64.4% share, down from the 65.9% achieved during the first nine months of the 2010 calendar year. Isuzu is a distant second in segment penetration with a 15.0% share.

Monthly New Registrations for the GVW 4 are shown in the next chart.

**New Commercial Vehicle Registrations GVW 4**



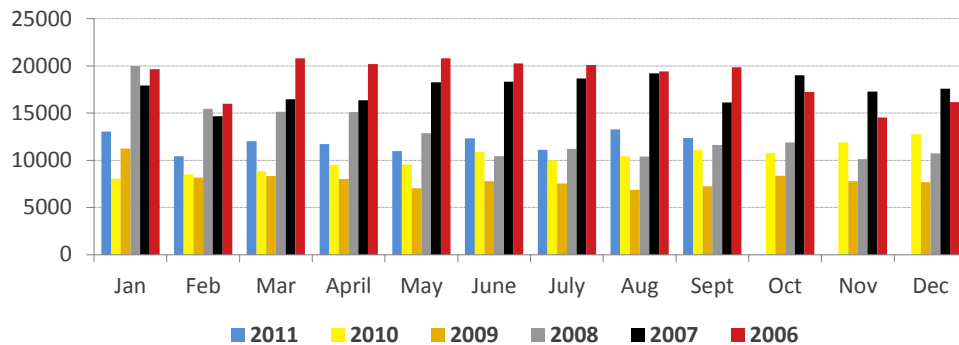
### GVW 3 Performance

New Registrations of GVW 3 vehicles remained strong, as reflected by the 23.4% increase in New Vehicle Registrations compared to the first nine months of the 2010 calendar year. Ford remains the leader in this segment with a 46.1% share, followed by both Chevrolet and Dodge at 21.4%.

As previously noted, GVW 3 New Registrations started the calendar year strong and then declined to levels lower than those seen in January.

The following chart shows that GVW 3 New Registrations are following a similar pattern to previous years.

**New Commercial Vehicle Registrations GVW 3**



## Industry Overview— Canadian New Commercial Vehicle Registrations September and CYTD 2011 *(Based on VIN Defined Vehicle Definition)*

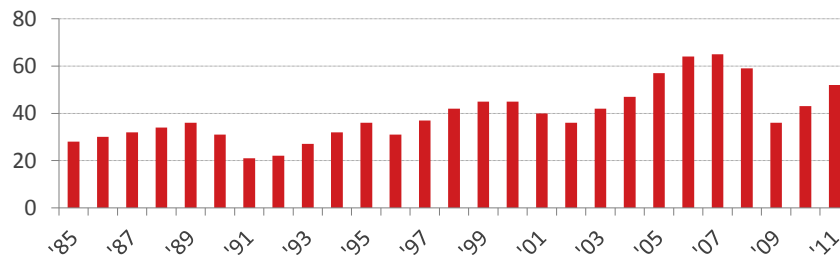
Canadian New Commercial Vehicle Registrations (GVW 3-8) for September were 4,527 units and represented a decline of 9.1% from September 2010. The weakness in the market in September was the result of a year-over-year decline in GVW 3 New Registrations, the second-largest vehicle segment in Canada, of 35.2%

For the first nine months of the 2011 calendar year, New Registrations of 52,023 units were 20.9% higher than the level achieved during the same period of the 2010 calendar year. The two largest segments, GVW 3 and GVW 8, were up 27.9% and 23.2% respectively.

The first nine months of the 2011 calendar year were exceptionally strong by historical standards for Canada, with only the boom years of 2005-2008 exceeding the level of New Registrations achieved during the first nine months of the current calendar year.

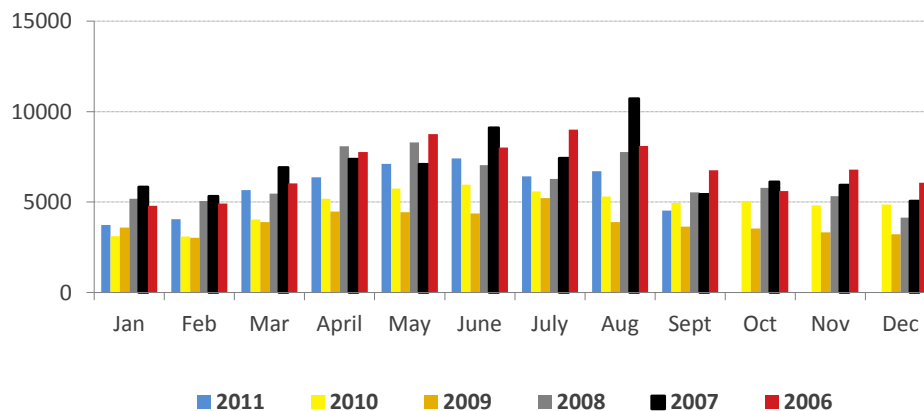
Additionally, the first nine months of the 2011 calendar year are 42.3% better than the low point experienced during the same period in the 2009.

### Canadian New Commercial Vehicle Registrations GVW 3-8 (in thousands) January–June



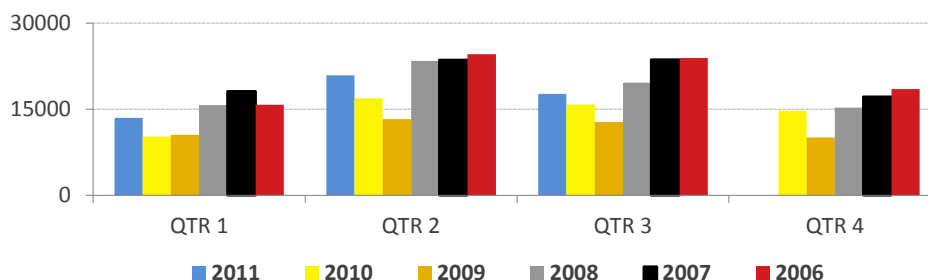
The following chart shows Canadian New Commercial Vehicle Registrations for GVW 3-8 by month since the start of the 2006 calendar year. As you can see from the chart, September represented the first month in the 2011 when new monthly Registrations were lower than the same month during the 2010 calendar year. This will bear watching to see if this is an anomaly or the beginning of a pattern.

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



The following chart shows the pattern of Canadian New Commercial Vehicle Registrations by quarter. New Registrations during the first two quarters of the 2011 calendar year were significantly stronger than they have been in the last two years, while the third quarter was stronger, but the lower September slowed the year-over-growth.

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



New Registrations during the first nine months of the 2011 calendar year were up 20.9% and each of the three major segments (GVWs 3, 5 and 8) were significantly higher than the New Registration level achieved during the same period of the 2010.

**Canadian New Commercial Vehicle Registrations**

	Jan–Sept 2011	% Chg. from 2010	Jan–Sept Share of IND. (%)	Share of IND. (%) 2010 CY
<b>GVW 3</b>	21,140	27.9	40.6	39.3
<b>GVW 4</b>	2,479	-17.0	4.8	6.4
<b>GVW 5</b>	4,592	42.6	8.8	7.8
<b>GVW 6</b>	1,392	21.6	2.7	2.6
<b>GVW 7</b>	3,698	-6.1	7.1	8.1
<b>GVW 8</b>	18,722	23.2	36.0	35.8
<b>Industry</b>	52,023	20.9	100.0	100.0

Ford remains the top-selling brand in the commercial vehicle market in Canada with a 25.7% share of total GVW 3-8 New Registrations during the first nine months of the 2011 calendar year. The only segments in which Ford does not have leadership are in GVWs 7 and 8. In the lower GVWs, Ford is the number one brand with segment share ranging from 71.1% in GVW 4 to 29.7% in GVW 6.

The following table shows the performance of the top seven manufacturers in the Canadian Commercial Vehicle Market.

**Canadian New Commercial Vehicle Registrations by Manufacturer**

	Jan–Sept 2011	% Chg. From 2010	Manufacturer Province Share (%)
<b>Ford</b>	13,380	5.1	25.7
<b>Dodge</b>	6,985	14.9	13.4
<b>Freightliner</b>	5,814	34.6	11.2
<b>International</b>	4,968	11.3	9.5
<b>Kenworth</b>	3,876	27.7	7.5
<b>GMC Truck</b>	3,240	107.5	6.2
<b>Chevrolet</b>	3,003	115.1	5.8
<b>Other</b>	10,757	59.8	20.7
<b>Total</b>	52,023	20.9	100.0

During the first nine months of the 2011 calendar year, only Nova Scotia and the Prince Edward Islands New Registrations did not exceed the level achieved during the same period in the 2010. With the strong level of New Registrations in Alberta, their share of Canadian New Registrations increased to 32.4%.

Shown below is the New Registration performance for the first nine months of the 2011 calendar year by province.

#### Canadian New Commercial Vehicle Registrations by Province

	Jan–Sept 2011	% Chg. Fr. 2010	Province Share (%)
ALBERTA	16,848	36.2	32.4
BRITISH COLUMBIA	7,449	19.3	14.3
MANITOBA	1,613	20.6	3.1
NEW BRUNSWICK	1,213	14.8	2.3
NEWFOUNDLAND	467	42.4	0.9
NOVA SCOTIA	905	-0.5	1.7
ONTARIO	12,593	16.2	24.2
PRINCE EDWARD ISL	93	-24.4	0.2
QUEBEC	8,251	7.6	15.9
SASKATCHEWAN	2,591	20.7	5.0
<b>Total</b>	<b>52,023</b>	<b>20.9</b>	<b>100.0</b>

The total number of Commercial Vehicles registered to operate in Canada is 1.20 million units. They are predominantly GVW 8 and GVW 3 vehicles.

#### Canadian Commercial Vehicles in Operation Units (000's)

	Sept 2011	June 2011	Dec 2010	Mar 2010
<b>GVW 3</b>	323	332	318	305
<b>GVW 4</b>	96	99	98	96
<b>GVW 5</b>	70	71	68	64
<b>GVW 6</b>	87	95	94	96
<b>GVW 7</b>	129	136	134	137
<b>GVW 8</b>	500	538	527	529
<b>Total</b>	<b>1,205</b>	<b>1,271</b>	<b>1,239</b>	<b>1,227</b>

In addition to the New Registration information, Polk also has vehicle population (PARC) information as well as production by manufacturer and vehicle type for various global markets.

If global commercial information would be beneficial to your company and assist in making better business decisions, please send an email to the address below. We will contact you to discuss your specific needs.

*For additional information, to add an individual to our distribution list or to clarify information contained in this report, please contact Gary Meteer at [gary\\_meteer@polk.com](mailto:gary_meteer@polk.com).*