EATON

MARKET ANALYSIS (cont'd.)

. Most of the above fleets have purchased heavily in the last two years and have a total operation that is less than three years old. Most seem to feel that their purchasing volumes will pick up again in 1987.

. We have mentioned in previous reports that the lease companies are predicting less growth in 1986 than they have for the last couple to three years. This indication still holds true, with some predicting no growth in 1986.

PENDING ORDERS

. See attached.

COMPETITIVE ISSUES

. Rockwell Standard has been experiencing considerable problems with their automatic slacks and have come out with a new type 30, heavy duty, which they will replace their 20 series slack with.

. The Rockwell warranty package has been announced. At this point in time, at least as far as national accounts is concerned, we see no change; 500,000-600,000 miles, parts and labor; in many instances with swings, 1 for each 20, including brake, automatic slack and rear axles, etc.

. Some of our OEMs are starting to feel pressure from Mercedes with their Class 7 COE tractor, the LPS-1525. The Mercedes Benz 36 month, 100,000 mile warranty on the power train, with 18 months unlimited mileage on the basic vehicle, where they cover 100% parts and labor is creating concern, at least at International Harvester.

. Dana continues to be extremely aggressive in the medium duty market with their drivetrain package. We have, I think, proved to our satisfaction, at least in national accounts, that you do not have to have clutch and drive line to be successful to compete against this program.





Acceturo v. Abex Corp., et al., Superior Ct, Law Division, Middlesex Cty, New Jersey, Docket No. MID-L-6601-99-AS; 03/07/06