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INVESTOR DAY

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Heavy-Duty Truck Market – North America

● Ongoing Weakness

- Credit crunch
- Construction spending
- Customer confidence
- Global softening
- Aging fleet

● Revised '08 Outlook

- From flat to -10%

● '09 Outlook

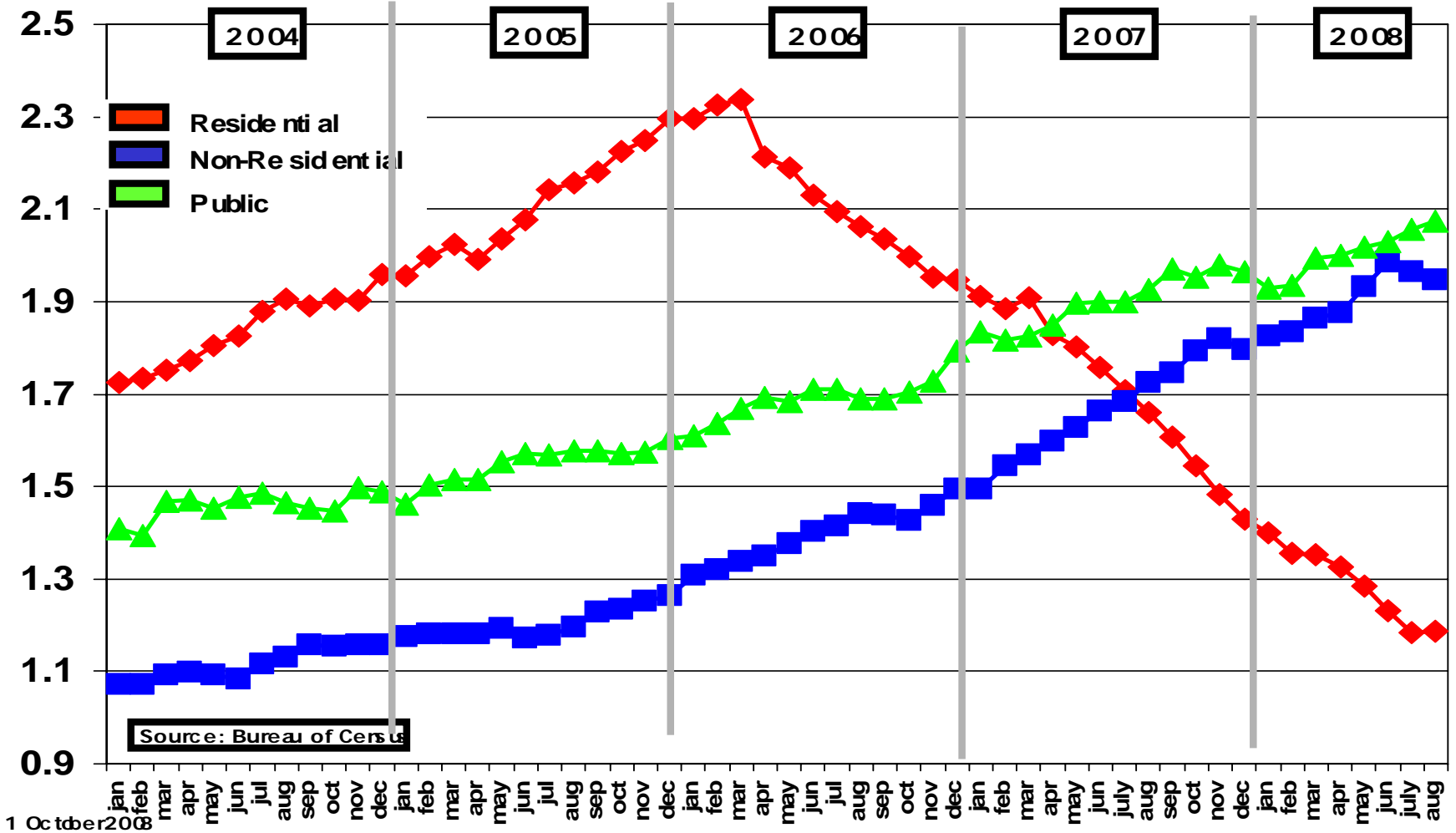
- Appropriate caution
- No pre-buy





Construction Spending

Index 1997 = 1.00



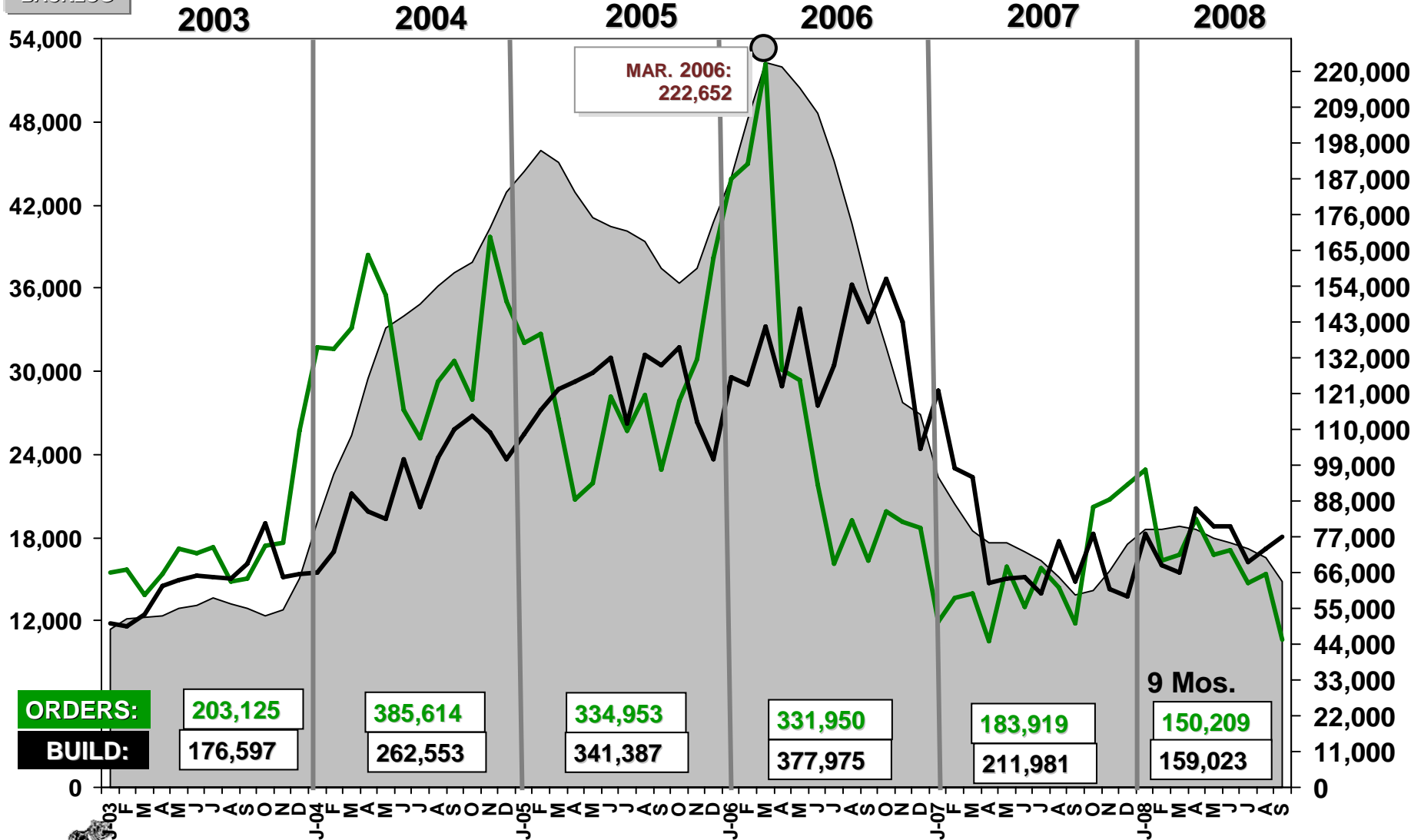
Scale:

ORDERS:

BUILD:

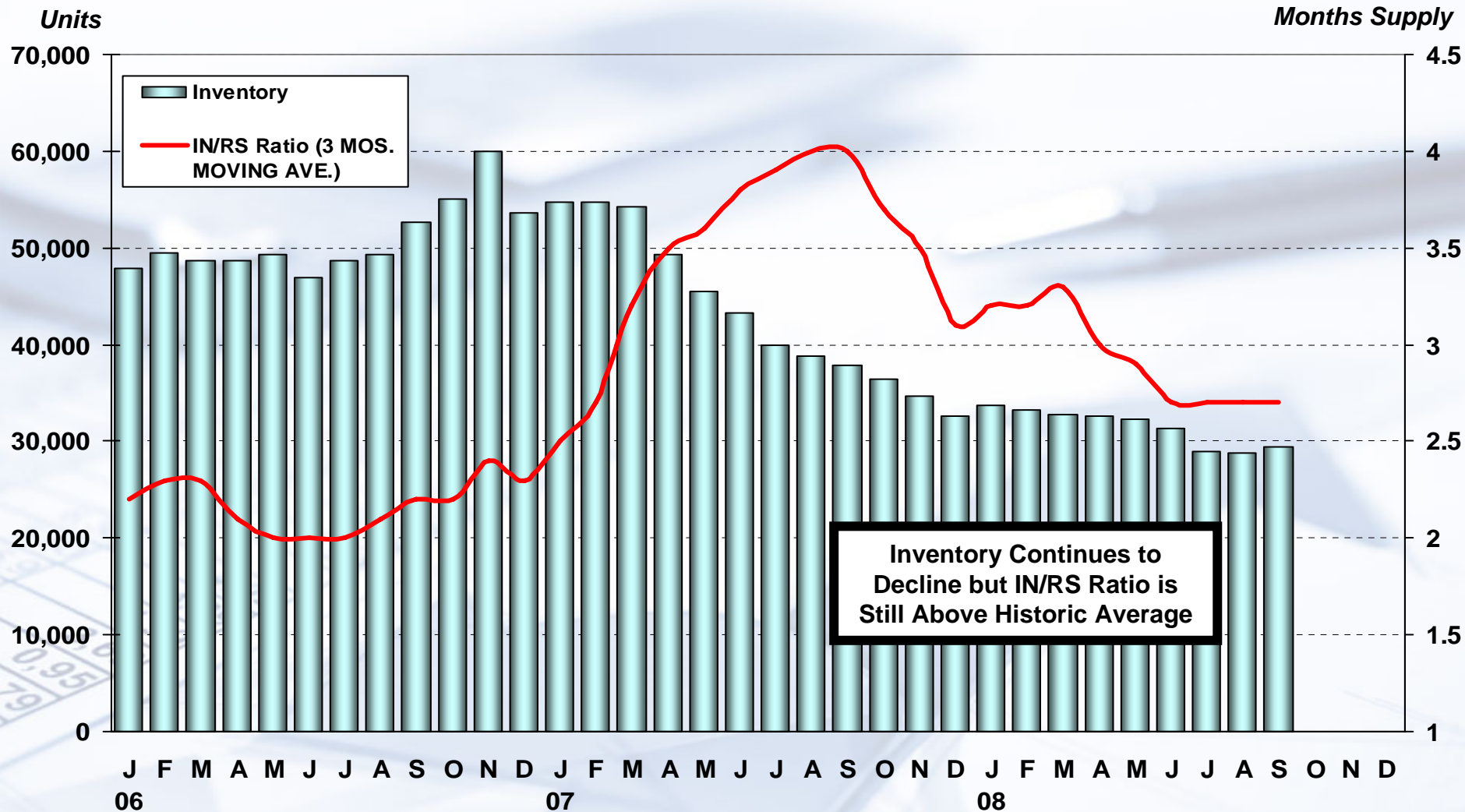
BACKLOG

Build, Orders, and Backlog NORTH AMERICAN CLASS 8



U.S. Class 8 Industry Inventory

January 2006 – September 2008



Used Trucks

- Increased industry lease and trade returns
- Export demand
- Industry inventories at high levels



Mack



- ❑ Challenging environment
- ❑ UAW negotiations
- ❑ Focused on core segment leadership
- ❑ Changing competitive landscape

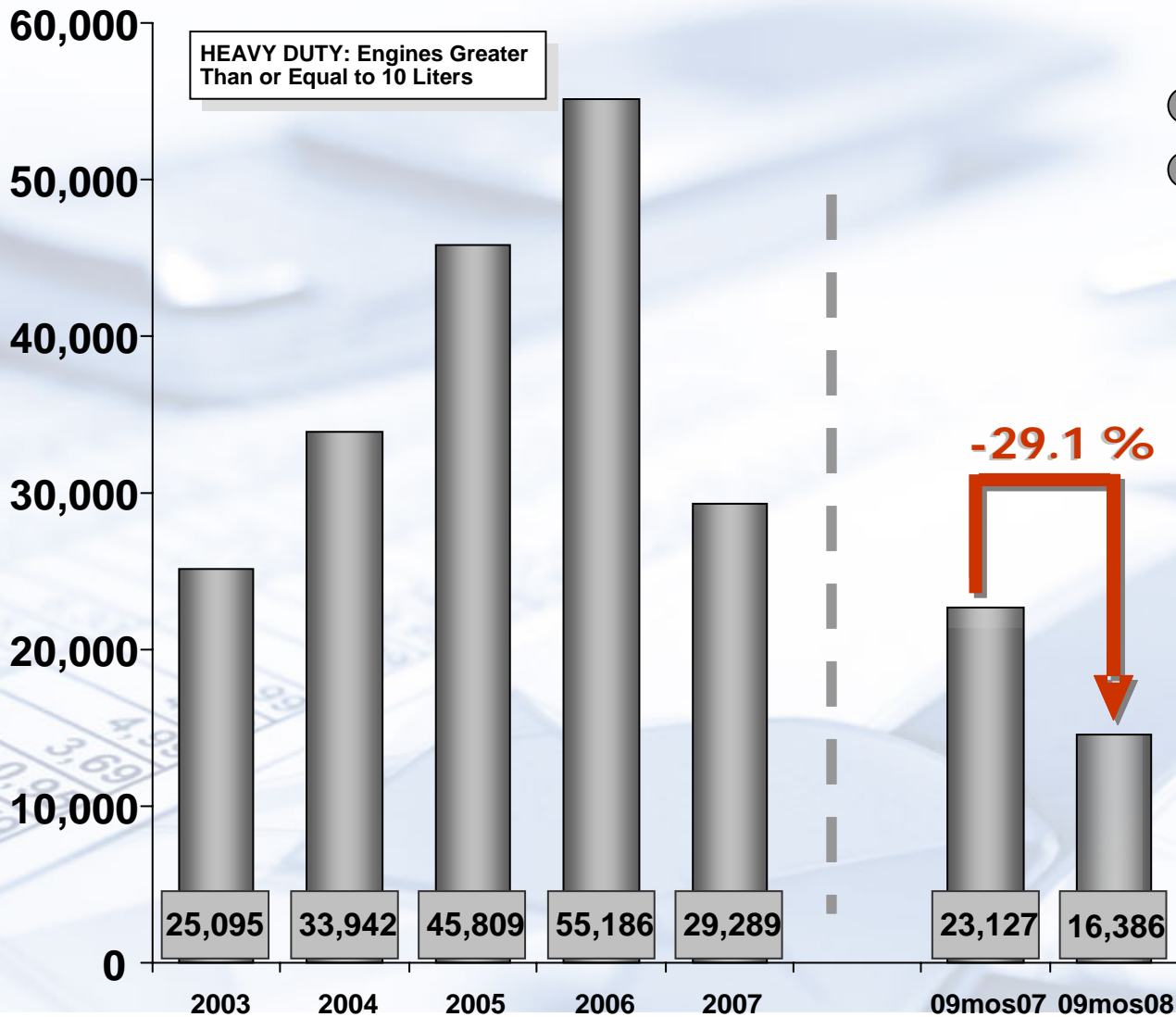
Core Market Segments

- Economic Haul
- Refuse
- Construction



Core Strategic Segments

Tractor: Economic Haul



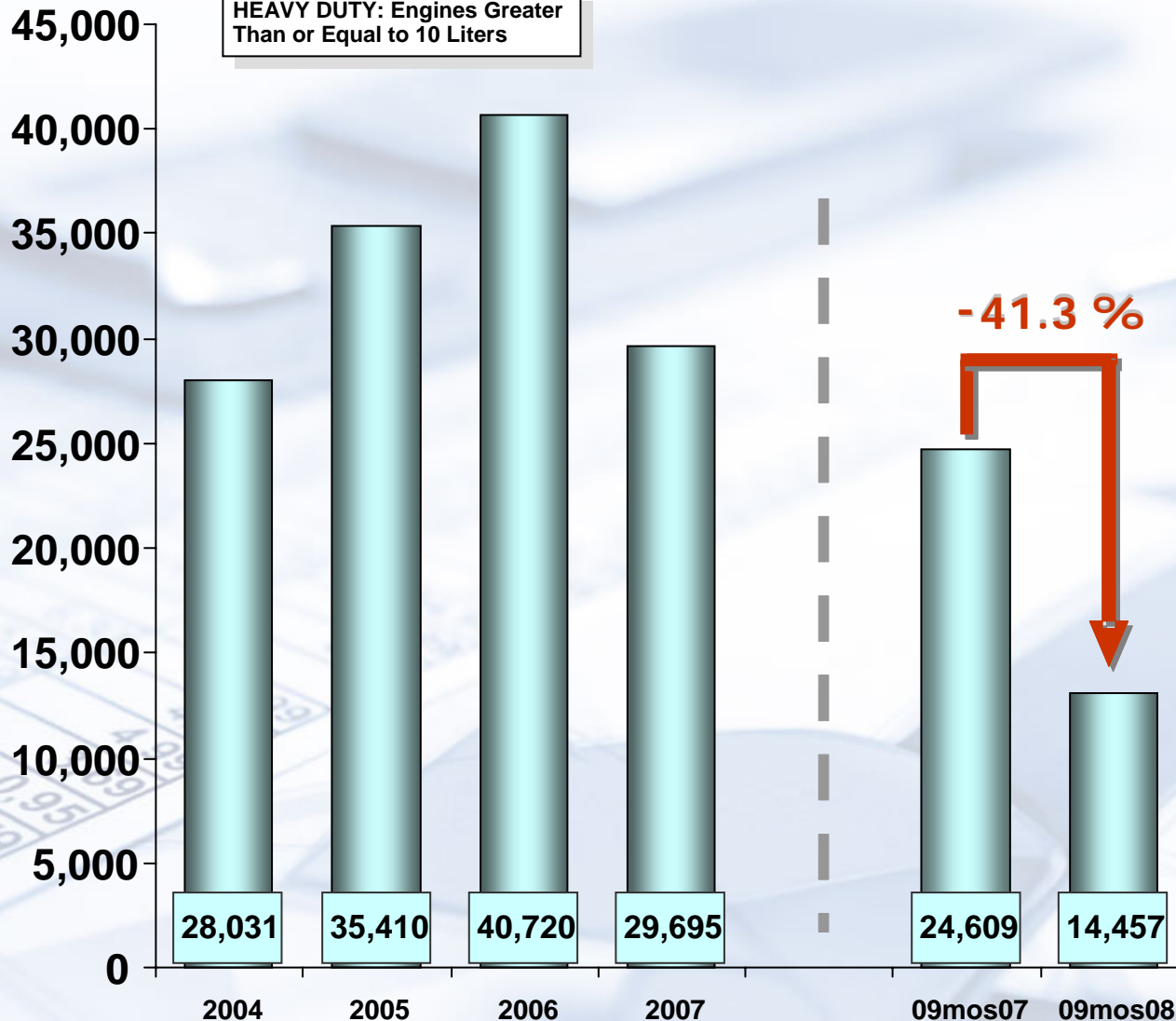
- ~20% Total Market
- Mack # 3



Core Strategic Segments

Conventional Straight Truck

HEAVY DUTY: Engines Greater Than or Equal to 10 Liters

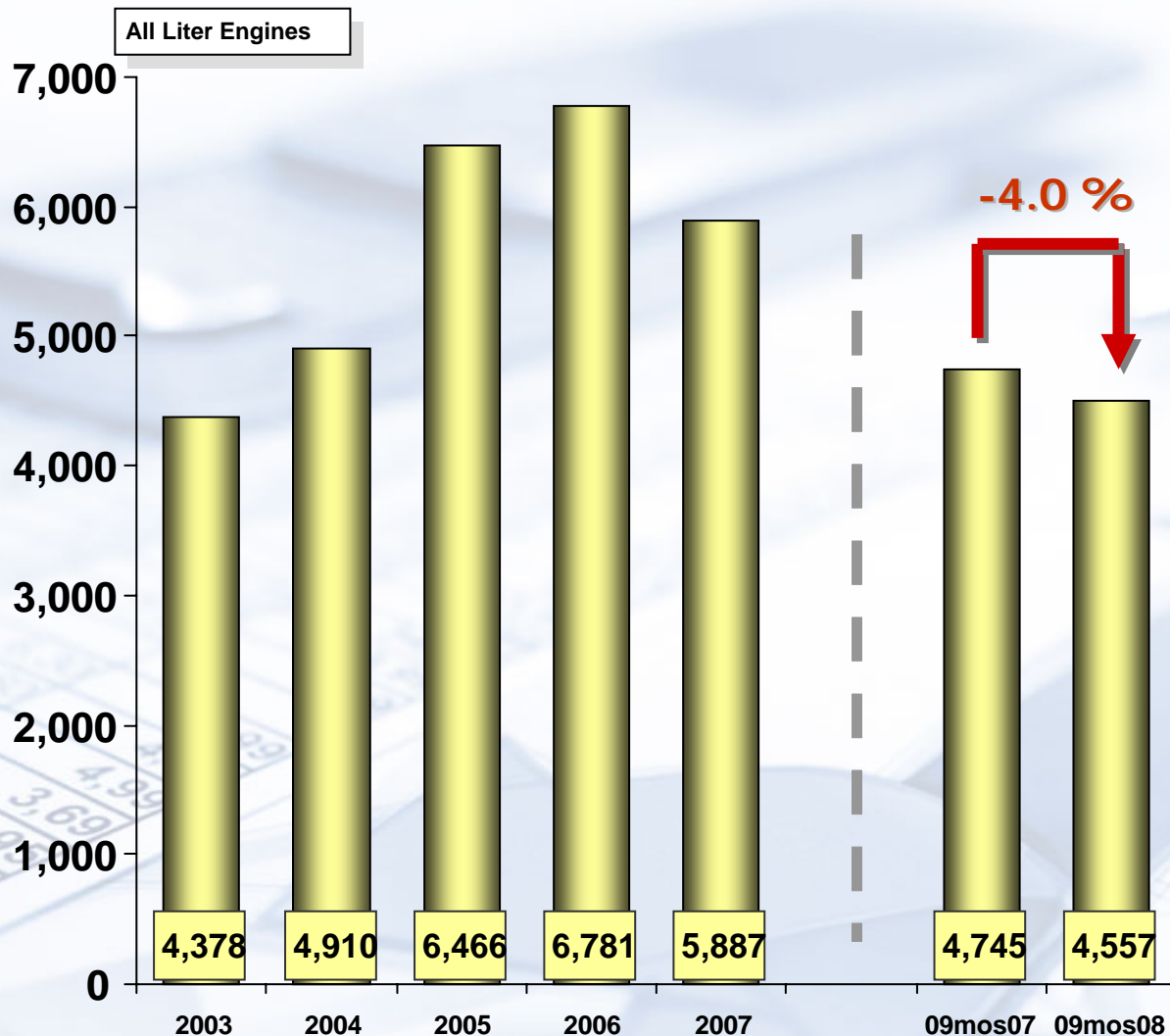


● ~15 % Total Market
● Mack #1



Core Strategic Segments

Straight Truck LCOE



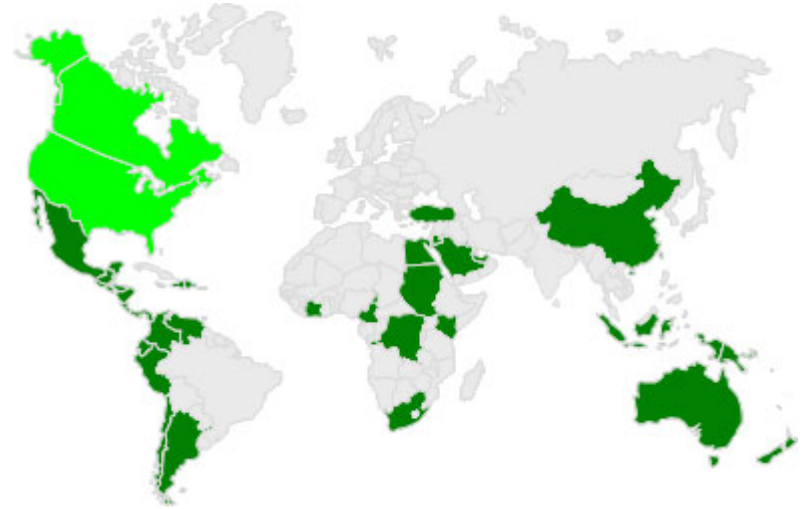
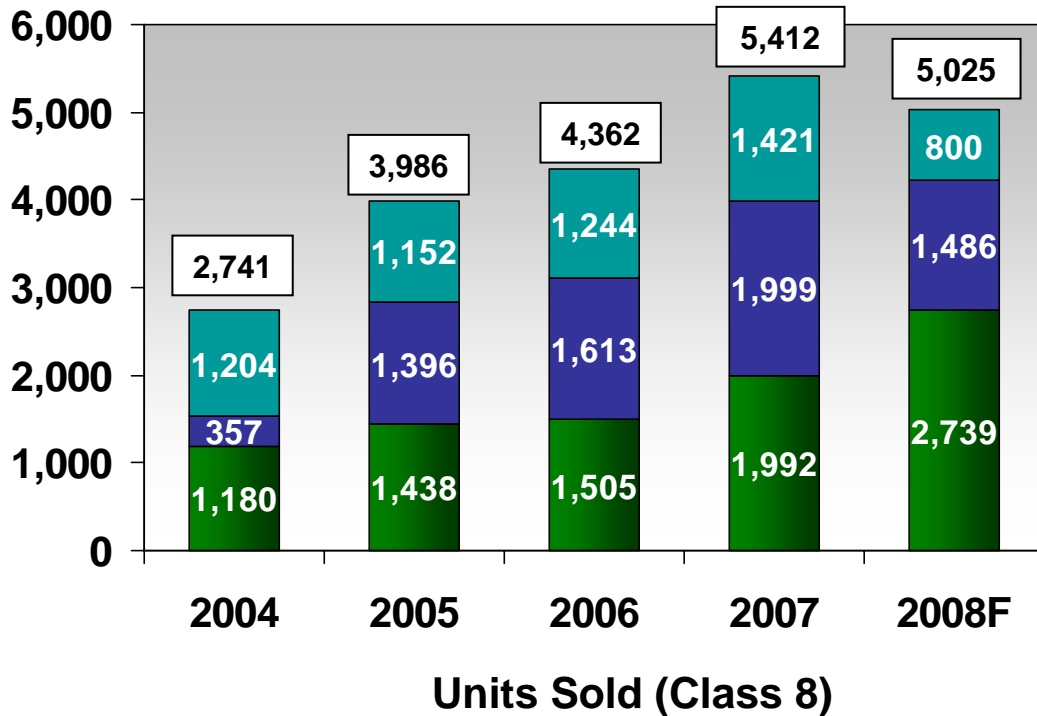
- ~ 4% Total Market
- Mack #1



Mack International Operations

Mack products are sold and serviced in more than 45 countries worldwide

■ Exports ■ Venezuela ■ Australia



- Strong growth over past several years
- Recent orders from Latin American, Middle Eastern, and African countries
- Global liquidity situation



Military Business Greater Focus

- Recent U.S. Army awards
 - \$28.5 MUSD for 152 tractors-trailers
 - \$6.8 MUSD for 66 severe service tractors
 - \$1 MUSD for engine adaptation
 - \$4.7 MUSD for 36 heavy-duty wreckers



Mack Dealer Network

- Strengthened by investments
- 50% dual with Volvo Trucks
- Absorption rates remain high



MP Engines

- 11, 13 and 16 liter
- 325 – 605 horsepower
- 1260 – 2060 lb.-ft. torque
- Fuel Economy (+3%-10%)
- Positive Customer Response



Ready for EPA2010



- First with SCR (2006)
 - More than two years developing/optimizing
 - Entire program well advanced
- Proven engines and technology
- Fuel Economy improvement 2-3% minimum (on top of current +3%)
- Infrastructure
- Customer testing



Changing Competitive Landscape

- Sterling discontinued
- CAT engine exit
- Cummins to SCR



In Focus

- ❖ Cost reduction
- ❖ North American restructuring
- ❖ Capital management
- ❖ Price realization

