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APPENDIX B

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Wall St. Journal Dec. 2/80

At Harvester, Spirits Stay Up Despite Losses

By Meg Cox

Staff Reporter of The Wall Street Journal

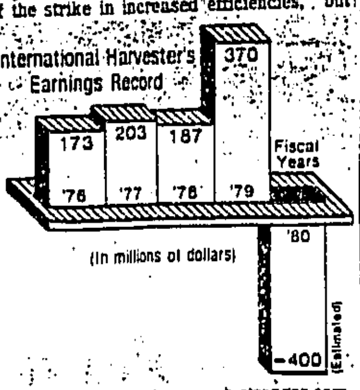
CHICAGO—To celebrate the 150th anniversary of Cyrus McCormick's invention of the reaper and founding of International Harvester Co., the company commissioned a lavish original musical, "Cyrus." But the chorus line won't warble and tap about the company's tumbling credit ratings, continuing layoffs and swelling losses. Because there's little in Harvester's present to celebrate, "Cyrus" will confine itself to nostalgia.

Over the past three years, Harvester's cigar-puffing chairman and chief executive, Archie McCardell, has got high marks for cutting costs and ending waste. Still, the company has started to sink deep into the hole. For the fiscal year ended Oct. 31, it lost an estimated $400 million, more than it earned in the best year of its long history. At the end of the fiscal third quarter, short- and long-term debt had swollen to $2.7 billion, dwarfing Harvester's $1.7 billion in equity.

Last year's lengthy United Auto Workers' strike and this year's sharp recession seriously hurt Harvester in its major markets: trucks, farm equipment and construction equipment. Some securities analysts detect a dangerous erosion of the company's finances, and they profess amazement that the company treats its troubles as temporary. "There's an impressive facade being constructed about how the company is doing," says analyst Eli Lustgarten of Paine Webber Mitchell Hutchins. "Announcements of acquisitions programs, talk of 'We won the strike,' all while the balance sheet and cash flow are deteriorating." They aren't generating the cash flow they need for all the businesses they're in."

Calls Firm "Much Stronger"

Mr. McCardell says he doesn't want to talk about "short-term problems with our balance sheet." He concedes that "it'll probably take us three years to recover the cost of the strike in increased efficiencies," but



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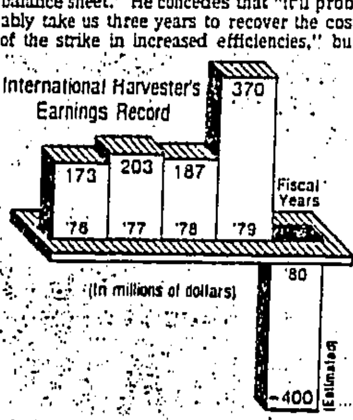
International Harvester's
Earnings Record
173
203
187
370
'76
'77
'78
'79
Fiscal Years
'80
(In millions of dollars)
-400
(Estimated)

he insists that "this is a much stronger company than it's ever been historically." Directors appear to agree. They recently forgave Mr. McCardell a $1.8 million loan from the company as a reward for bringing Harvester up to competitors' averages in such measures as return on equity. That was in 1979, when Harvester earnings doubled to a record $370 million, or $12.01 a share.

Yet Mr. McCardell has promised to make Harvester not just average but tops in all three of its major businesses. To do it, he must fulfill commitments for big research budgets and capital expenditures, but that seems difficult or impossible given Harvester's current financial condition and outlook.

Harvester had to get permission from its bank creditors just to pay its third quarter dividend. (Bank restrictions on dividends by debt-heavy corporations are common.) To raise $150 million in new capital, Harvester exposed its common shareholders to a potential dilution of 13% in equity through the issuance of new convertible preferred shares. Harvester had to sell the shares because its debt-equity ratio was too high to warrant more long-term borrowing.

Mr. McCardell has said that Harvester should spend $500 million for capital projects alone this year. And more millions will be needed for research (the company is building an $80 million lab, to be completed in 1982), general expenses and debt service.

Puzzled on Cash Flow

People who follow the company are puzzled over just where the cash will come from. Mr. McCardell himself says that sales of "our industries combined should be down 15% to 20%" in fiscal 1980, just ended, from 1979's sales. Earnings estimates for fiscal 1981 run as low as $150 million, compared with 1979's $370 million. For at least the first half, construction and truck businesses are expected to stay flat. Though sales of farm equipment have picked up sharply this fall, because of high crop prices, steep interest rates could discourage farmers' spending from here on out.

Mr. McCardell responds in general fashion to questions about the source of needed funds. "We'll generate enough working capital internally," he says. "We'll spend more on capital expenditures than last year"—$350 million—"and I still think we can reduce our debt. We'll have an income-tax refund of about $130 million, and we'll accelerate our program to reduce working capital. We can be flexible at the rate we increase our research and capital expenditures."

Mr. McCardell boasts of Harvester's increased market shares in its major lines, and, he says, this fiscal year will bring more new-product introductions than ever before. If the balance sheet is a bit pallid, he says, "It didn't change the company's basic strengths." People at Harvester and outside hope that his prognosis is more than just song and dance.

Wall St. Journal
Dec 15/80

Harvester Posts $20.2 Million Net For Its 4th Period

But Fiscal '80 Had Deficit; It Expects More Losses Due to Interest Rate Rise

By a WALL STREET JOURNAL Staff Reporter

CHICAGO—Troubled International Harvester Co. said it made money in the quarter ended Oct. 31, but added that it expects to return to losses in the first quarter, ending Jan. 31.

The fourth quarter net income of $20.2 million, or 64 cents a share, wasn't enough to keep Harvester from posting a $397.3 million loss for the full year, the largest in its 150-year history. This was about what analysts had expected.

About 40%, or $8.3 million of Harvester's fourth quarter profit, came from foreign currency translation gains. The maker of trucks, farm equipment and construction machinery also said that its ratio of debt to shareholders' equity had nearly doubled during the year, indicating a sharp decline in financial health.

Archie R. McCardell, chairman and chief executive officer, said the company expects a fiscal first quarter loss because "the recent sharp rise in interest rates is once again putting pressure on customer demand in all markets." He said, however, that Harvester expects a gradual decline in interest rates beginning in February or March, and thus "anticipates a profit for the full year."

Fourth quarter net was down 86% from year-ago net of $147.6 billion, or $4.79 a share. Sales dropped about 7% to $2.32 billion from $2.49 billion.

The $397.3 million full-year loss reflected the effects of a six-month strike that ended last April and record interest rates that sharply reduced demands for Harvester's trucks and machines. The full-year figure includes a loss of $396.6 million from continuing operations, which exactly equaled Harvester's year-earlier net income. Fiscal 1980 also included a $27.7 million loss from discontinued operations stemming from losses on receivables of the company's former Wisconsin Steel Division.

The 1980 loss from continuing operations also included an after-tax charge of $68.6 million "for the company's continuing major modernization and expansion program," Harvester said.

Sales dropped 25% in 1980 to $6.31 billion from $8.39 billion. "In the two three-month periods following the strike, International Harvester has reported earnings, has regained market share momentum, has exceeded its cost improvement targets and has maintained low dealer inventories," Mr. McCardell said. He added that the company reduced short-term debt in the fourth quarter by $562 million and total debt by $488 million.

Despite that progress, Harvester's debt soared during all of fiscal 1980. Short-term debt stood at $808.9 million at year-end, up from $411.4 million a year earlier. Long-term debt rose to $1.33 billion, from $948.2 million.

At the end of fiscal 1980, Harvester's ratio of debt to holders' equity stood at 1.15 to 1, compared with 0.63 to 1 at the end of fiscal 1979.

Mr. McCardell's statements, however, were optimistic. "Currently, Harvester operations are more cost efficient than they have been in decades," he said. "As a result of these strengths, Harvester operations are well positioned to continue to ride out the economic downturn and take full advantage of a recovery in the company's markets."

International Harvester's earnings fell 86% in the fourth quarter, ended Oct. 31, to $20.2 million, or 64 cents a share. The company expects a loss in the current quarter.

(Story on Page 14)

WALL ST. JOURNAL DEC 19/80

International Harvester cut its quarterly dividend to 30 cents a share from 62.5 cents. It had kept its dividend intact despite a $400 million loss for the year ended Oct. 31.

(Story on Page 10)

International Harvester Slashes Payout In Move Analysts Say Was Long Overdue

By MEG COX

Staff Reporter of THE WALL STREET JOURNAL

CHICAGO—International Harvester Co. slashed its quarterly dividend more than 50%, to 30 cents a common share from 62.5 cents, and Wall Street heaved a sigh of relief.

The dividend is payable Jan. 15 to stock of record Dec. 29.

The big maker of trucks and farm and construction equipment had steadfastly kept its dividend intact despite a loss of nearly $400 million in the year ended Oct. 31, after enduring a five-and-a-half month strike and the recession. Stock analysts had been expecting a dividend cut for several quarters, and viewed yesterday's action as a sign that Harvester finally has begun to recognize the severity of its financial problems.

"It's certainly no surprise," said Larry Hollis, an analyst with Robert W. Baird in Milwaukee. "It should probably have been cut nine months ago. The savings of about $40 million (if Harvester maintains the 30-cent rate all year) is only a drop in the bucket, though, compared to the capital they'll need in the next few years."

"Uncertain Economic Outlook"

Harvester issued a statement saying the directors' decision to cut the dividend was based on "the increasingly uncertain economic outlook caused by continued high inflation and the recent sharp rise in interest rates, the impact of these conditions on IH's near term sales and earnings prospects, its capital needs, and its financing requirements."

The company already has said it expects to report a loss for the first quarter, ending Jan. 31.

Analysts have lately been painting a much bleaker picture of Harvester's financial condition than the company does. Several analysts estimate that Harvester's operating cash needs will soon exceed its funds by as much as $500 million. But James Cotting, chief financial officer, retorted yesterday: "The analysts are all wet."

"There's a whole cash-flow mechanism here to work with and our situation is completely manageable," Mr. Cotting insisted. "Our net cash flow will be in balance for the year. We always have a cash deficit in the first quarter, because of the seasonality of our agriculture equipment and the necessity of building inventory before the (spring) selling season."

Mr. Cotting says Harvester finances that deficit each year through short-term borrowings, and added, "We can this year too, and we will."

Debt and Equity Markets

Analysts remain skeptical about Harvester's access to both debt and equity markets for a variety of reasons. At the end of fiscal 1980, the company's ratio of debt to equity stood at 1.15 to 1, compared with 0.63 to 1 at the end of fiscal 1979. In addition, Harvester has had ratings cut on several of its debt offerings. In the equity markets, Harvester already had abandoned plans for a $100 million offering of cumulative preferred shares and diluted its earnings per share somewhat with a $150 million offering of convertible preferred shares.

Also, the book value of Harvester's stock dropped to $53.50 Oct. 31, down from $69.85 a year earlier. Its stock has been trading at about $24 a share this week down from a 52-week high of more than $40. That means that in order to raise a large amount of cash, a stock offering would have to be big enough to cause "significant" dilution to earnings, Mr. Hollis said.

Harvester has said its earnings prospects for the year will be helped by a record number of new product introductions. But Mr. Hollis said: "New products are fine, but if the market isn't there, it doesn't do a heck of a lot of good."

Aug 11/80

Though combined vehicle total dips 9 pct.

Ford sets overseas truck record

DEARBORN. — Ford Motor Co. and its affiliates sold 1,069,000 cars and trucks outside North America during the first six months of 1980.

Included in that total are a record 223,300 trucks, up 9 percent from the previous record, set last year.

"This record-setting truck sales performance, led by strong sales in Europe and Latin America, is especially noteworthy," said John McDougall, executive vice-president, Ford International Automotive Operations.

"As many of the world's major automotive markets have shown a drop in total sales, competition among the world's major manufacturers has heated up. To set a sales record in that environment is a major achievement."

Car sales for the six-month period totaled 863,700, down 13 percent from last year's record total. Combined car and truck sales for the period were down by 9 percent from the 1,202,000 in the first six months of 1979.

• McDougall said that during the first six months of 1980:

1. Record Latin American car and truck sales of 210,500 units were up slightly, from the previous record set last year. Truck sales of 80,900 units, up 9 percent from last year's record, should maintain Ford's leading position in the region's truck market.

2. European truck sales of 103,900 units, up 13 percent from last year's total of 92,200 and a record for the period, gave Ford leadership of the European truck market with 14.4 percent of total sales, up 1.1 percentage points from last year. European car sales of 642,500 were down 14 percent from the 1979 total of 744,000, but maintained Ford's fourth-place position in European car sales with 12 percent of the market.

3. Car sales in the United Kingdom of 284,600 represented 32.7 percent of the market, the best half-year penetration ever achieved by Ford of Britain. Cortina, Escort and Fiesta placed one-two-three as the country's top-selling cars. Truck sales of 31,200, up 12 percent from last year's total, gave Ford 34.5 percent of the British truck market, up 3.3 percentage points from last year.

4. In the booming Argentine market, Ford set new records for both volume and market share in both cars and trucks. Ford of Argentina sold 34,100 cars, up 28 percent, and took 20.8 percent of the car market. Truck sales of 21,000, up 45 percent from last year, represented an unprecedented 58.9 percent of the truck market. Combined car and truck sales rose 34 percent.

5. In Mexico, car and truck sales of 45,300 were up 9 percent over sales of 41,600 in the first six months of 1979.

6. In another buoyant market, Ford sold a record 13,800 cars and trucks in Taiwan, up 18 percent from last year's total. Car sales of 12,800 represented 12.2 percent of Taiwan's car market.

7. In Germany, Ford car and truck sales of 158,000 were down 23 percent from 207,000 in the same period of 1979. However, Ford's penetration of the combined car and truck market improved from 9.7 percent in January, 1980, to 12.7 percent in June, 1980.

8. In Australia, car and truck sales of 52,200 were down 13 percent from 59,900 in January-June, 1979.

"With the introduction later this year of two new front-wheel-drive, fuel-efficient small cars—the Ford Escort in Europe and the Ford Laser in the Asia-Pacific region—we are confident that the Ford lineup will be even more competitive," McDougall said.

"These cars, together with our existing products, should help Ford to maintain its position as the sales leader outside North America among U.S.-based auto manufacturers."

Second-quarter sales down 21 pct. from '79

White loss $37 million for quarter

FARMINGTON HILLS, Mich. —White Motor Corp. reported a second-quarter net loss of $37,677,000, including $7,953,000 in charges resulting from restructuring its truck operations, compared with net income of $8,252,000, including an operating loss carryforward tax benefit of $800,000, in the same quarter of 1979.

Factors contributing to the loss included reduced sales and profit margins, an increase from last year in interest and finance charges resulting from high interest rates and higher than normal field inventories, primarily in farm equipment.

"During the first half of 1980, White moved aggressively to reduce fixed costs even when these actions resulted in a one-time charge against operations of $7,953,000," said Cruse W. Moss, chairman and chief executive officer. "Actions taken to date will lower fixed costs, and consequently the corporate break-even level, by approximately $35 million on an annualized basis. Further cost reduction actions are being implemented or are under study.

"The heavy-duty truck market is severly depressed at present, however White is performing above average for the industry," Moss said. "We have experienced low order cancellation rates and we have had a positive net order intake even in months when industrywide cancellations have exceeded new orders.

"Although at a low level, White's truck backlogs, order intake and retail sales have increased as a percent of industry during the first half and inventories have declined," he added.

"Retail sales are currently several percentage points better than registrations, the statistic by which market share is measured, and we anticipate that as these vehicles are registered, White's market share will increase."

• Moss reported that White's negotiations with its bank lenders on a new credit agreement are proceeding on schedule and satisfactory progress is being made.

Sales for the second quarter were $239,751,000, down 21 percent from $304,352,000 in the second quarter of 1979.

White reported that for the first six months of 1980, it had a net loss of $46,839,000, after an extraordinary credit of $4,595,000. Comparable figures for the first half of 1979 were net income of $12,915,000, after an operating loss carryforward tax benefit of $1,400,000. First-half sales totalled $524,308,000 in 1980 and $624,151,000 in 1979.

Truck backlogs at June 30, 1980, totalled $112,800,000, Moss said, compared with $236,800,000 last year.

Results for the second quarter of 1980 included currency exchange gains of $2,100,000 compared with $400,000 in the like period of 1979. For the first half gains totalled $800,000, compared with gains of $700,000 for the first half of 1979.

Total under 200,000—first time since '71

August registrations are lowest in 9 years

August registrations of new trucks of all types in the U. S. were the lowest for that month in nine years, and marked the first time since 1971 that the industry total has dropped below 200,000 tallies for the month.

In August, according to R. L. Polk & Co., new-truck registrations totaled 195,779 units, down 31.6 percent from last year's 286,420 and slightly more than 50 percent below the alltime August high of 396,434 set in 1978.

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In August, 1971, new-truck tallies hit only 187,841 units, but the count climbed to 215,432 in the same month in 1972. Since that time, the total has topped 200,000 in five years and 300,000 in two years.

For the first eight months of 1980, industry registrations fell 26.8 percent below a year ago, with declines in all three market segments. The total was 1,720,170 units, compared with 2,351,199 in 1979.

Through August, Group 1 registrations outnumbered those in Group 2 for the first time since December, 1975. The eight-month count was 771,886 units, compared with 768,813 of the heavier Group 2 vehicles.

The Group 1 count has been rising steadily and Group 2 declining since the sharp increase in fuel prices late in the first quarter of 1979, and the big growth in sales of the Japanese-built compact pickups, which are Group 1 vehicles.

The imported pickups accounted for 26.4 percent of the eight-month Group 1 total with 203,527 tallies. At the same time in 1978, before the drastic fuel increases, they took 17.3 percent of the total of 736,091 Group 1 registrations with 120,168 tallies.

In the January-August period registrations of heavy trucks were down the least from a year

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Registrations for month drop 31.6 pct. below 1979 level

August truck tallies hit 9-year low

Continued from Page 1

ago and the mediums suffered the biggest setback.

There were 132,356 heavy-truck (Groups 7 and 8) registrations through August, a decline of only 8.2 percent below last year's record 144,155 units. Mediums (Groups 4 through 6) were down 58.6 percent, from 102,044 a year ago to 42,219.

The light-truck count for the first eight months totaled 1,545,595 units, a decrease of 26.6 percent below last year's 2,105,000.

Again, Group 7 was the only one of the eight to show increases in registrations over last year, and it's due to the reclassification of many trucks whose GVW ratings have moved them from the top end of Group 6 into Group 7.

The eight-month total was 53,970 units, an increase of 70 percent over last year's 31,741. Group 6 tallies, on the other hand, were down 57.8 percent from 95,904 units in 1979 to 40,219.

Still hurting badly because of the recession, Group 8 trucks trailed the 1979 registrations by 30.3 percent, dropping from a record 112,414 units a year ago to 78,385.

• Total registrations for Groups 6 through 8 trucks for the first eight months were off 28 percent from a year ago, 172,347 versus 240,059. Combined Groups 6 and 7 tallies were down 25 percent, from 127,645 units in 1979 to 95,904.

Among the light trucks, Group 1 suffered the least decline because of the gains in compact-pickup registrations. The eight-month total of 771,880 units was down 9.6 percent from the year-ago 853,818.

Group 1 compact-pickup tallies were up 16.4 percent over the year-ago eight-month count, rising from 174,887 to 203,527.

Registrations of Group 2 vehicles declined 36.9 percent over the January-August span, from 1,218,146 in 1979 to 768,813. It was the first time since 1976 that the Group 2 eight-month total had dropped below the million mark.

Group 3, the top end of the light-truck segment, and Group 4, the bottom of the medium category, were the biggest losers in the eight-month period, due mainly to the slump in RV sales.

Registrations of Group 3 vehicles dropped 85.2 percent, from 33,038 units to 4,896, while the Group 4 count was down 95.5 percent, from 4,343 to only 196 units.

Group tallies through August totaled 1,532 units, a decline of 14.7 percent from the year-ago 1,797.

HD registrations for eight months August trail '79

Eight-month registrations of new heavy trucks in the U. S. dropped 8.2 percent below last year's record level, while the August total was down 10.5 percent from 1979, which also was the high for the month.

R. L. Polk & Co. reported that 132,356 new Groups 7 and 8 trucks were registered in the January-August period, compared with 144,155 in the like period in 1979.

August tallies totaled 16,686 units, as opposed to 18,653 in the same month a year ago.

For the eight months, Group 7

Continued on Page 16, Col. 1

HD registrations trail 1979 levels

Continued from Page 8

registrations were 70 percent higher than a year ago because of the reclassification of many trucks previously carried as Group 6 vehicles. Through August, the count was 53,970, compared with 31,748 in 1979.

Group 8 tallies, on the other hand, were down 30.3 percent from last year's alltime high for the period: 78,380 versus 112,414.

In August, the Group 7 total was up 37 percent, from 4,339 a year ago to 6,610. The Group 8 count for the month declined 31 percent from last August: 9,780 units versus 14,314. [illegible]

Compacts continue to rise in most cases

10-month truck sales drop 28.8 pct.

Franchised dealers and factory outlets retailed an estimated 2,139,931 new trucks of all types in the U. S. in the first 10 months of 1980, a decline of 28.8 percent from the 3,005,739 sold in the comparable period in 1979.

October sales were down 34.4 percent from the same month a year ago, from 298,300 units to an estimated 195,832. Totals for the month and the January-October period include the non-captive Japanese-built compact pickup trucks.

If retail sales hold at the October level for the last two months of the year, the total for calendar 1980 will come in at about 2.5 million units, a decline of 22.7 percent below last year's 3,235,795 units.

Sales of the compact pickups as a group were up for October and the 10-month period, but the non-captives—Toyota, Datsun and Mazda—were down for the month as a group and up for the year.

In October, combined sales of the Ford Courier, Chevrolet LUV, Dodge Ram 50 (formerly called the D-50), Plymouth Arrow, Toyota, Datsun, Mazda and Volkswagen totaled 35,948 units, a gain of 7.5 percent over last year's 33,433.

For the 10 months, the total of 447,811 units was 14.1 percent higher than the 392,364 delivered in the same period in 1979.

Dealers for the non-captive

Table on Page 22

makes retailed 14,342 units during the month, down 16 percent from the year-ago 17,087. But the 10-month count was up 11.6 percent, from 199,983 in 1979 to 223,113, an alltime high for the period.

The Motor Vehicle Manufacturers Assn. said in a preliminary report that dealers franchised by U. S. truck producers and factory outlets sold 181,490 units in October, a decline of 35.4 percent from last year's

Continued on Page 22, Col. 3

Nov 17/80

Compacts continue to rise in most cases

10-month truck sales drop 28.8 pct.

Continued from Page 18

281,213. The count includes the captive compact pickups.

The 10-month total was 28.8 percent below that for the comparable period in 1979, from 2,-803,774 units to 1,916,818.

In October, according to the MVMA report, domestic sales were down in all three market categories.

Light-truck deliveries totaled 157,158 units, off 36.6 percent from the year-earlier 248,639. Mediums were down 38 percent, from 12,636 a year ago to 7,833, and the heavies showed a decline of 17.2 percent, 16,499 units versus 19,938.

On Nov. 1, the number of unsold trucks in retailers' hands was down significantly in all three market segments.

The inventory of light trucks totaled 401,751 units, down 30.4 percent from last year's 762,103. Mediums were off 40.2 percent, from 45,146 to 21,273, and the heavies dropped to 42,750, a decline of 28.1 percent from the year-ago 59,468.

• During the month, the Big Three truck manufacturers said their dealers and factory outlets retailed 155,397 units, a decline of 39 percent from the 254,610 sold in the same month in 1979.

The 10-month total of 1,703,-401 units was 34.6 percent lower than the year-earlier 2,603,-240 vehicles.

In October, Ford dealers sold 70,220 units, off 37.5 percent from last year's 112,403. The count included 7,044 Couriers, an increase of 18.5 percent over the year-ago 5,943.

For the January-October period, Ford sales totaled 676,991 units, down 33.8 percent from last year's 1,023,368. Courier sales, however, were 2.1 percent higher, from 66,710 in 1979 to 68,124.

Chevrolet dealers retailed 54,-985 new trucks during the month, a decrease of 36.5 percent from the year-earlier 86,-553. LUV sales were up slightly, from 7,308 units to 7,587.

Through October, Chevrolet sales totaled 645,956 units, off 34.3 percent from the 983,007 retailed in the like period in 1979. LUV deliveries for the 10 months were down 8.3 percent, from last year's record 85,217 to 78,119 units.

• Dodge and Chrysler - Plymouth retailed 16,993 light trucks during the month, down 50.6 percent from the year-ago 34,-375. The total included 3,910 Ram 50s, up almost 85 percent from last year's 2,115, and 1,338 Plymouth Arrows, an increase of 36.5 percent over the year-ago 980.

For the first 10 months, sales were down 35.8 percent, from 344,885 in 1979 to 221,436. Ram 50 sales were 43.7 percent higher, 39,805 versus 27,703, and Arrow deliveries totaled 16,688, up 30.7 from last year's 12,769.

During the month, GMC outlets retailed 13,200 vehicles, a drop of 38 percent below the year-earlier 21,300. The 10-month count was 159,026, off 36.9 percent from last year's 251,960.

American Motors reported that 5,847 Jeep four-wheel-drive vehicles were sold in October, a decline of 58.3 percent from last year's 14,009. Through October, the total was off 43.6 percent, from 117,244 a year ago to 66,128.

Volkswagen dealers retailed 1,727 compact pickups during the month, bringing the 10-month total to 21,662. The vehicle was not available in volume until last January.

Datsun was the only one of the three non-captive truck distributors to report a sales gain in October. However, all three reported increases in 10-month deliveries.

Datsun dealers sold 7,298 units during the month, up 7.2 percent over last year's 6,805. The 10-month total was 13.7 percent higher, 98,119 versus 86,298.

In October, Toyota sales slipped 34 percent, from 9,443 a year ago to 6,229. Through October, the count was 117,[illegible] increase of 10.1 percent [illegible] last year's 106,693 units.

Mazda's October sales [illegible] ped almost 3 percent below [illegible] year's level, from 83[illegible] units [illegible] 815. The 10-month count [illegible] 8 percent higher, however, [illegible] 535 versus 6,974.

Mercedes - Benz of North America reported [illegible] sales during the month [illegible] cline of 7.8 percent from [illegible] year's 343. The January-[illegible] count was up 13.1 percent, from 2,954 a year ago to 3,340

Big Three October, year-to-date truck sales

	October 1980	October 1979	Year to date 1980	Year to date 1979
Ford				
Vans	9,194	15,509	88,320	148,625
Club Wagon	2,328	2,884	21,100	33,978
Courier	7,044	5,943	68,124	66,710
Bronco	3,270	7,086	33,385	58,086
Conventional Pickups	43,858	72,698	405,436	632,833
Mediums	3,679	6,061	48,078	61,644
Heavies	849	2,154	12,528	20,488
Chevrolet				
Vans	5,520	11,481	76,334	148,434
Sportvan	1,017	2,090	14,508	28,880
LUV	7,587	7,308	78,119	85,217
El Camino	3,008	4,654	35,183	45,148
Blazer	1,505	4,658	23,380	48,827
Suburban	958	2,453	18,275	33,308
Conventional Pickups	32,788	48,806	371,470	555,843
Mediums	1,903	3,512	26,872	35,828
Heavies	113	322	1,918	3,215
Chrysler				
Vans	4,323	11,771	58,800	110,984
Voyager	418	580	5,820	3,851
Ram Wagon	1,259	1,823	18,548	28,740
Arrow	1,338	980	16,688	12,769
Ram-50	3,910	2,115	39,805	27,703
Trail Duster	131	655	2,924	4,900
Ramcharger	410	1,569	6,586	12,925
Conventional Pickups	5,225	14,858	71,207	139,943
GMC				
Vans	1,212	2,932	18,530	38,584
Caballero	375	452	3,762	5,505
Jimmy	325	878	4,635	10,139
Suburban	212	503	3,720	9,181
Conventional Pickups	9,016	12,880	97,027	143,037
P models	174	398	3,179	4,705
Mediums	1,738	1,850	21,473	25,497
Heavies	1,150	1,499	18,500	19,981
Motor homes				378

DEC 29/80

EPA proposes regulations for heavy-duty diesel trucks

WASHINGTON.—Heavy-duty diesel trucks would be required to meet a particulate emission standard of .25 grams bhp/hr by the 1986 model year under new regulations proposed by EPA.

Expected to cost the industry from $249 million to $413 million over a five-year period, the proposed standards would reduce particulate emissions from heavy-duty diesel engines by 64 percent, EPA said.

Makers of heavy-duty engines are expected to utilize trap oxidizers and internal engine modifications to meet the standards, much like light-duty diesel makers are doing to meet particulate standards for these vehicles.

While such technology does exist today, it has as yet to demonstrate the durability required to meet the standard for the requisite time of five years or 50,000 miles.

Makers of heavy-duty diesels are expected to challenge the stringency of the standards, in particular because EPA's proposal calls for the engines to meet the standard under transient test conditions.

The makers recently went to court in an effort to prevent EPA from going from the present 13-mode emissions test procedure to the more stringent transient test.

The new standards are expected to add $527 to $650 to the price of a heavy-duty diesel, although EPA expects the net cost increases the range from $349 to $472, given that mufflers will need to be replaced less frequently.

EPA will hold a workshop to discuss the new proposal within 45 days at a place and time to be announced.

Jul 25/80

Registrations down 26 pct. in first half; all markets weaker

First-half registrations of new trucks of all types in the U. S. declined sharply from a year ago, with significant downturns in two of the three market segments and losses in seven of the eight weight classifications.

In the first six months, according to R. L. Polk & Co. statistics, there were 1,303,202 new-truck registrations, a decline of 26.6 percent from the year-ago 1,774,709 and 30.2 percent below the all-time first-half high of 1,866,659 units set in 1978.

The total for June was down 23.9 percent from last year, 210,673 units versus 276,894.

Through June, registrations of light trucks totaled 1,171,995 units, 26.5 percent below last year's 1,593,542. Medium trucks suffered the biggest losses—30,238 tallies versus 74,488, a decline of 59.4 percent. Heavies were off 6.3 percent, from a record 106,679 a year ago to 99,969.

All three light-truck groups were down from a year ago in the first half. Group 1, with big assist from the growth in demand for the compact pickup trucks, was down only 9.1 percent, from 636,248 a year ago to 578,184.

Group 2 registrations were 38.6 percent below last year's count, dropping from 930,036 to 590,101. The Group 3 total [illegible]ged 86.4 percent, from 27,2[illegible] year ago to only 3,710 units [illegible] year.

From a percentage [illegible] point, Group 4 was the bi[illegible] loser in the first six mont[illegible] Registrations were down [illegible] percent, from 4,330 in 1979 to [illegible] mere 150 units this year.

The drastic declines in Group

Continued on Page 46, Col. 1

Group 7 surge softens decline in HD registrations #1

As a result of a spectacula[r] surge in registrations of ne[w] Group 7 trucks in the U. S., th[e] first-half total for the heavie[s] dropped only 6.3 percent belo[w] the record level of a year ago.

R. L. Polk & Co. reported 99,969 Groups 7 and 8 registration[s] in the January-June perio[d] compared with 106,679 units i[n] the same period in 1979.

The Group 7 tallies were u[p] 73.5 percent in the first si[x] months of 1980, from 23,048 a year ago to 40,450. The Group [8] count, on the other hand, fel[l] 28.8 percent below last year['s]

Continued on Page 46, Col. 1

U. S. TRUCK REGISTRATIONS

SIX MONTHS, 1980 VS. 1979★

Based on R. L. Polk & Co. statistical report

	6 mos., 1980	Percent Share of '80 market	6 mos., 1979	Percent Share of '79 market	Pct. pt. Change, '80-'79
Ford	415,599	31.92	572,434	32.26	− 0.34
Chevrolet	395,036	30.34	570,616	32.15	− 1.81
Dodge	119,765	9.20	184,165	10.38	− 1.18
GMC	97,653	7.50	135,792	7.65	− 0.15
Jeep	42,504	3.26	73,424	4.14	− 0.88
International	28,744	2.28	56,361	3.18	− 0.90
Plymouth*	15,255	1.17	10,175	0.86	+ 0.31
Mack	11,449	0.88	15,247	0.57	+ 0.31
Kenworth	6,443	0.50	7,388	0.42	+ 0.08
Freightliner	6,004	0.46	6,612	0.37	+ 0.09
Peterbilt	3,947	0.30	4,785	0.28	+ 0.02
White	2,629	0.20	4,908	0.27	− 0.07
Autocar	874	0.07	1,123	0.06	+ 0.01
Western Star	528	0.04	548	0.03	+ 0.01
Volvo	352	0.03	320	0.02	+ 0.01
Diamond Reo	60	......	......	......	......
Miscellaneous**	154,350	11.85	130,757	7.36	+ 4.49
TOTALS	1,303,202	100.00	1,774,709	100.00	......

★—No registrations for Oklahoma, 1980 and 1979; [illegible], 1979.

U. S. HEAVY DUTY REGISTRATIONS

SIX MONTHS, 1980 VS. 1979★

Based on R. L. Polk & Co. statistical report

	6 mos., 1980	Percent Share of '80 market	6 mos., 1979	Percent Share of '79 market	Pct. pt. Change, '80-'79
Ford	25,330	25.34	18,900	17.77	+ 7.57
GMC	16,047	16.05	9,590	9.00	+ 7.05
International	15,735	15.74	32,578	30.48	−14.74
Mack	11,309	11.31	15,247	14.29	− 2.98
Chevrolet	8,822	8.82	3,071	2.88	+ 5.94
Kenworth	6,443	6.45	7,388	6.92	− 0.47
Freightliner	6,004	6.01	6,612	6.20	− 0.19
Peterbilt	3,947	3.95	4,783	4.47	− 0.53
White	2,629	2.63	4,988	4.68	− 2.05
Autocar	874	0.87	1,123	1.05	− 0.18
Western Star	528	0.53	546	0.51	+ 0.02
Volvo	350	0.35	320	0.03	+ 0.32
Diamond Reo	60	0.06		..	+ 0.06
Miscellaneous	1,891	1.89	1,847	1.72	+ 0.17
TOTALS	99,969	100.00	104,679	100.00	......

★—Groups 7 and 8 [illegible], no registrations for Oklahoma, 1980 and 1979, [illegible] 1979

Truck registrations off 26 pct. in first half

Continued from Page 16

3 and 4 registrations reflect to a large extent the slump in sales and shipments of recreational vehicles. Group 4 tallies are mainly motor-home chassis and Dodge accounted for 144 of the 150 units registered in the first half. A year ago, it had all but three of the 4,330 units registered.

Group 5 was down the least among the mediums in the January-June period. This year's total was 1,190, a drop of 12.2 percent below last year's 1,366.

Group 6, until three years ago the third-largest classification, was down 58 percent from a year ago because of the steady growth of mid-range diesels and the reclassification of many of these vehicles as Group 7 trucks.

In the first six months of 1980, according to R. L. Polk, only 28,880 Group 6 trucks were registered in the U. S., compared with 68,792 in the like period a year ago.

Group 7 was the lone weight classification to show an increase over 1979, and its advance—again as a result of the growth in mid-range diesel demand — was spectacular. The six-month count was 40,450 units, up 75.5 percent over last year's 23,048.

Registrations of new Group 8 trucks were down 28.8 percent from last year's record high, 59,519 versus 83,631 units.

For the first six months, Ford was No. 1 in new-truck registrations, with a lead of more than 20,000 units over second-place Chevrolet. Both, however, lost penetration because of the downturn in light-truck sales, which account for 90 percent of industry truck sales.

Chevrolet was the biggest loser, down 1.81 percentage points from a year ago, and Dodge was a close second with a downturn of 1.18 points. The miscellaneous group, on the strength of the compact-pickup market, scored the biggest advance—an increase of 4.49 points over last year.

Group 7 surge softens decline in HD registrations

Continued from Page 16

level, from a record 83,631 to 59,519 units.

Reclassification of many trucks that previously had been registered as Group 6 vehicles—due principally to operators' switch to the heavier mid-range diesels—was responsible for the Group 7 surge and a sharp decline in Group 6 tallies.

In the first six months, according to Polk statistics, only 28,880 Group 6 vehicles were registered, a decline of 58 percent from the 68,792 units tallied in the same period in 1979.

June registrations of new heavy trucks in the U. S. totaled 14,750 units, down 14.4 percent from last year's 17,245.

Ford, GMC and Chevrolet, again due to the surge in Group 7 registrations, increased their share of total industry registrations dramatically in the first half. International, the perennial heavy-truck leader, suffered the sharpest decline because of a six-month strike which started last November.

No. 1 Ford's penetration was 7.57 percentage points higher than a year ago, GMC's was up 7.05 points and Chevrolet posted a 5.94 point gain. International's share slumped 14.74 points below the 1979 figure, and the loss in registrations dropped IH from first to third in the first-half standings.

NOV 17/80

Sales decline in Canada for cars and trucks

Sales of North American-built passenger cars in Canada dropped 12.10 percent during October, to 71,352 from 81,178. Year-to-date car sales totaled 638,751, down 15.12 percent from 750,219 a year earlier.

Each of the four major auto makers reported sales declines in the 10th month of 1980. General Motors was down 7.80 percent, to 42,665 from a record 46,273 a year ago. Ford sales plunged 21.89 percent, to 15,870 from 20,318.

Chrysler reported sales of 10,463 new cars, down 10.93 percent from 11,747. American Motors sales of 2,354 were down 17.05 percent from 2,838.

General Motors earned 59.80 percent of Canada's October domestic-car market, up from 57.00 percent. Ford cornered 22.24 percent, down from 25.03 percent. Chrysler's share of 14.66 percent was up slightly from 14.47 percent, and AMC dipped to 3.30 percent from 3.50 percent.

Canada's truck sales, including captive imports, totaled 27,103 in October, down 22.44 percent from 34,943 for the month in 1979.

AMC Jeep sales dropped 37.42 percent, to 577 from 922. Chrysler sold 3,012 trucks, down 19.70 percent from 3,751. Ford reported truck sales of 9,696, down 17.16 percent from 11,705, and GM sales dropped 25.57 percent, to 13,818 from 18,565.

JAN 5/81

1 D

Cummins mid-range being dropped by GM

PONTIAC.—GMC Truck & Coach Division no longer will accept orders for the Cummins VT225 mid-range diesel engine after Jan. 12. Until then, GMC said, the engine will be available in its C7DO42 and C7DO64 models.

A spokesman said the Cummins engine is being dropped because of "increased cost and projected low sales volume." GMC will continue to offer the Detroit Diesel 8.2 liter and Caterpillar 3208 mid-range diesels.

DEC 1/80

#1

But trucks set 9-month record

Ford overseas sales show decline of 8 pct.

DEARBORN. — Ford Motor Co. and its affiliates sold 1,539,400 cars and trucks outside North America during the first nine months of 1980. The total was down 7.55 percent from the peak of 1,665,100 last year.

Included in the 1980 total were a record 324,800 trucks, up 6 percent from the previous record set last year.

"A record-setting truck sales performance in an unhealthy global economy is an outstanding accomplishment," said John McDougall, executive vice-president, Ford International Automotive Operations.

Ford car sales for the nine-month period totaled 1,214,600 units, down 11 percent from last year's record total.

"Despite sluggish economies that have brought on a sputtering marketplace in many parts of the world, Ford continues to hold its own and promises to be even more competitive with new world-class vehicles that already are making their mark," McDougall said.

"We introduced our new European Ford Escort on Sept. 28 and posted 100,000 customer orders by the end of October.

"In addition, Ford has begun a series of public introductions of its new front-wheel-drive Ford Laser in the Asia-Pacific region and in the Caribbean markets," he said.

"We are confident that these new cars are right for the times and, together with our existing products, will assure that we will maintain Ford's traditional sales leadership outside North America among U.S.-based auto manufacturers," McDougall said.

McDougall said that during the first nine months of 1980:

1. European truck sales of 141,200 units were up 3 percent from last year's total of 137,300, and estimates give Ford leadership of the European truck market with 13.8 percent of total sales. European car sales of 863,800 were down 12 percent from last year's 986,500 while capturing 11.4 percent of the market.

2. Car sales in the United Kingdom of 350,000 represented 30.6 percent of the market, the best January-September penetration ever achieved by Ford of Britain. Cortina, Escort and Fiesta placed one-two-three as the country's top-selling cars.

Truck sales of 69,300—slightly above last year's total—gave Ford 32.8 percent of the British truck market, up 3.5 percentage points from last year, and the highest first-nine-months' share since 1965.

3. Combined January-September sales of 315,700 cars and trucks in four Latin American countries — Argentina, Brazil, Mexico and Venezuela—were 7 percent ahead of the same period last year. Sales of 118,400 trucks—a 14-percent increase—led the way.

4. In the booming Argentine market, Ford set first-nine-month records for both volume and market share in both the car and truck markets.

Ford of Argentina sold 54,800 cars, up 27 percent, and took approximately 30 percent of the car market. Truck sales of 33,200, up 44 percent from last year, took nearly 47 percent of the truck market. Combined car and truck sales for the period rose 33 percent.

5. In Mexico, car and truck sales of 64,800 were nearly ... percent more than the same period last year.

6. In Brazil, combined sales of 120,600 Ford cars and trucks fell just below the 1979 figure for January-September.

7. In other markets, sales of 43,100 cars and trucks by Ford of South Africa were up ... percent from last year's combined total of 33,500, and combined sales of 31,100 cars and trucks by Ford of Taiwan were up ... percent from last year's ... Ford car sales of 18,400 ... sented nearly 33 perc... Taiwan's car market.

8. In Germany, Ford car and truck sales of 203,200 were ... 24 percent from 265,700 ... same period of 1979.

9. In Australia, car and truck sales of 80,300 were down ... percent from 94,900 in January-September, 1979.

Landen, Penske