

State of the Industry – Where Do We Go from Here?

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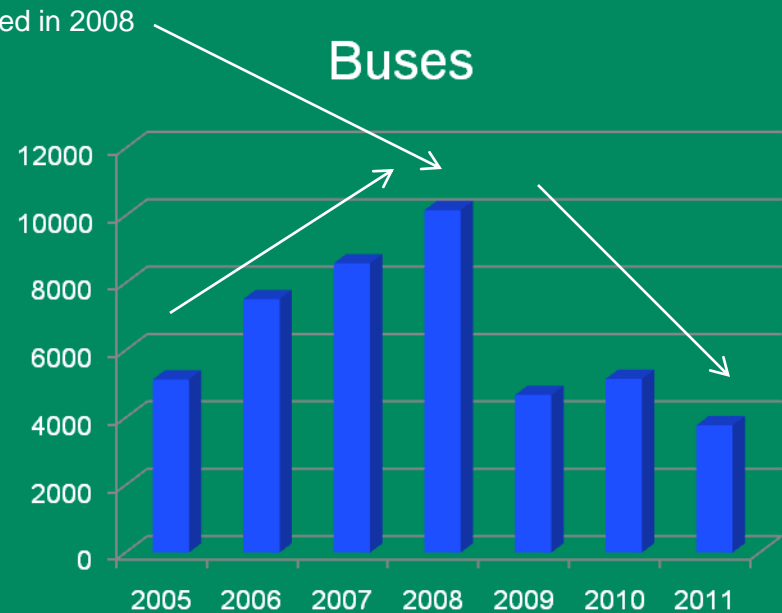


2010 ANNUAL MEETING

Conditions Today

- Current Economic conditions are impacting Transit
- Ridership has declined but recent stats show some stability
- Operating budgets are reduced
 - Capital projects are being delayed, scaled down or canceled
 - Mainly a replacement cycle but at reduced numbers
- Many Transit Agencies have faced service cuts
- ARRA created opportunities to continue or advance programs
 - Delayed the industry hitting the wall today
- Agencies have reduced their state of good repair spending
- Agencies are asking manufacturers to provide cost reductions in aftermarket pricing on existing orders or buy back inventory
- Some manufacturers are experiencing reduced work weeks until conditions improve

Current Trends of Bus Purchases



Comments

- Robust buy cycle 2006-2008 for heavy duty urban buses
- Many multiyear purchases through the period
- Minor peak in 2010 but expect a reduction in 2011