

ACQUISITION CRITERIA MEMO

**Project Name: Commercial Truck Components**

Executive: Christopher

Date: September 2010

Industry Description	<ul style="list-style-type: none"> <li>• Distribution of commercial truck components-Aftermarket</li> <li>• Focus on Class 5,6,7 and 8</li> </ul>
Size and Growth	<ul style="list-style-type: none"> <li>• \$500-700 mil. estimate</li> <li>• OEM manufacturers of aftermarket parts.</li> </ul>
Key Industry Trends	<ul style="list-style-type: none"> <li>• Stable growth as fleet population ages</li> </ul>
Key Product Descriptions (prioritized)	<ul style="list-style-type: none"> <li>• High value drive train components (40%+)</li> <li>• Clutch and brake wear items (30%+)</li> <li>• Engine Components (40%+)</li> <li>• Hydraulics (30%)</li> <li>• Harnesses electronics, hoses for tankers (35%+)</li> </ul>
Key Segments	<ul style="list-style-type: none"> <li>• Growth = Cyclical growth for an aging truck market</li> <li>• Classes 5,6,7&amp;8</li> </ul>
Manufacturing tech/processes (prioritized)	<ul style="list-style-type: none"> <li>• Light assembly, packaging and distribution of proprietary components</li> </ul>
Acquisition Thesis	<ul style="list-style-type: none"> <li>• Very large, fragmented market; geographic distribution</li> <li>• Critical success factor is access to component suppliers "genuine" parts</li> <li>• Responsive delivery capability</li> <li>• Geographic availability and infa-structure</li> </ul>
Key Challenges	<ul style="list-style-type: none"> <li>• External: Fragmented competitive non differentiated product</li> <li>• External: Superior sales/delivery capability</li> <li>• External: Low cost structure</li> </ul>
Top 5 Acquisition Targets	<ul style="list-style-type: none"> <li>• Tor Trucking</li> <li>• Crane carrier</li> <li>• Regional firms-roll-up</li> <li>•</li> <li>•</li> </ul>
Geographic Preferences	<ul style="list-style-type: none"> <li>• North America</li> </ul>
Size Preferences	<ul style="list-style-type: none"> <li>• Platform = \$20-35 mil</li> <li>• Add-ons = Minimum 12mil – important to target specific geographic needs</li> </ul>

## DISCUSSION LOG

Conversation Log	<ul style="list-style-type: none"><li>• 8/25 – introduction to SMC; discussion of initial thoughts around motion controls and build-up opportunity</li></ul>
Follow-up	<ul style="list-style-type: none"><li>• 9/25 at the latest</li></ul>