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## PACCAR Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). Your first question comes from the line of Jamie Cook with Credit Suisse.

#### Jamie Cook - Credit Suisse

Hi. Good morning. And congratulations.

#### Unidentified Company Speaker

Good morning, Jamie.

#### Jamie Cook - Credit Suisse

My first question if I think about your R&D in the quarter at about 52 or 53 million. It was little lower than I had expected and I thought you guys were so to think about R&D on a quarterly basis relative to more comparable to the fourth quarter run rate.

So I guess I just I'm trying to get a better understanding of how I should think about R&D for 2009 and if it's at a lower base where are we making the cuts? And then my follow-up question is if I look at both your inventory turns and your receivable turns, they're both down dramatically and I guess the inventory what is troubling me the most, if you could give any commentary on that and how we should think about that going-forward?

#### Unidentified Company Speaker

On the R&D, I think the general guideline would be the run rate would probably be similar to the first quarter.

#### Jamie Cook - Credit Suisse

Okay. And where are we seeing cuts relative to where we were last year in particular with an emission change coming ahead, I mean yeah?

#### Unidentified Company Speaker

Well, we just review all of the many projects we have companywide and determine which ones have different time factors such as the emissions sort of January 1, 2010 that's right on schedule, we're in great shape. Others that are medium and long-term projects, we review and perhaps reschedule.

So, we have many, many hundreds of projects as most companies do around the world and take a look at them, one at a time and see what impact they're going to have in terms of reducing our expenses but also more importantly how do we get these great products to our customers to keep our leadership.

**Jamie Cook - Credit Suisse**

Is it fair to say then that the fact that you're lowering your R&D in 2009, that you are making better headway on the development of the U.S. engine for the U.S. -- 9 and 13 meter engine for 2010? Are we cutting --

**Unidentified Company Speaker**

I think we're right on schedule, I won't read too much into the R&D changes, in terms of the PACCAR engine coming in next year. I think that's right on schedule, we've been working on it for quite a few years as you're aware. And it's looking good. A lot of customers are excited about it.

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