



Employee Stock Purchase Plan

The PACCAR Inc Employee Stock Purchase Plan provides employees an affordable and convenient method to purchase PACCAR stock.

PACCAR has made an agreement with Computershare, a financial market services and technology provider for the global securities industry, to enable you to become a shareholder of the Company. As the service provider, Computershare maintains information associated with the recordkeeping of the shares purchased on your behalf and provides an account that will allow you to hold the stock or sell the stock when you are ready.

Your participation in the Plan is entirely voluntary and the Company makes no recommendations regarding your participation. Plan highlights detail how to enroll and begin investing in PACCAR common stock.

Plan Highlights

Eligibility

All employees are eligible to participate.

Purchasing Stock

Enrollment

If you chose to participate in the Plan, you must complete and submit an enrollment form to your Human Resources representative. You can obtain forms from your Human Resources representative or on the Human Resources Service Center Intranet at web.paccar.com/HRServiceCenter.

Payroll Deductions

Once your form is processed, Computershare will be instructed by PACCAR to open and maintain an individual account for you and will make purchases of PACCAR stock. The Plan allows for purchases to occur based on the amount you invest each pay period. You decide how much to invest (minimum \$10 per paycheck rounded to the whole dollar), and the Company will deduct this amount from each paycheck.

Purchase Price

Stock prices vary from day to day and even from hour to hour, depending on the price at which owners of stock are willing to sell it and the price buyers are willing to pay. Your account will be credited with stock purchased at the average of the market price of PACCAR stock purchased for all employee payroll deductions.

Dividend Reinvestment

Your account will be credited with all cash dividends due to you. These dividends are automatically reinvested to purchase more PACCAR stock for your account. Alternatively, you may instruct Computershare to distribute cash dividends directly to you.

Account Information

Your Account with Computershare

Computershare manages account records. Each calendar quarter, you will be mailed a summary statement detailing the activity in your account for the quarter.

Once you own one full share of stock, Computershare will send you all notices of meetings, proxy statements, and any other material distributed by PACCAR for the benefit of its stockholders.

To obtain information concerning your account, contact Computershare online at www-us.computershare.com/employee or by calling the following number, Monday through Friday, 8:00 a.m. to 7:00 p.m. Eastern time: Domestic 800-810-7502 (toll free); Foreign 732-491-0768 (toll charges will apply).

The custodian of the plan account administered by Computershare is a member of the Securities Investor Protection Corporation, commonly known as "SIPC". SIPC protection applies when a SIPS member firm fails financially and is unable to meet obligations to securities clients, but it does not protect against losses from the rise and fall in the market value of securities, and does not cover all assets. The securities and cash held by a custodian broker are protected up to \$500,000 which includes a maximum of \$100,000 applicable to cash balances. An explanatory brochure of SIPC coverage is available at www.sipc.org.

Fees

PACCAR will pay the Computershare service fees and charges for stock purchases made through payroll deduction in your account. Commission fees on dividend reinvestments to your account are paid for by you. Computershare's fees and other charges resulting from sales, or in connection with purchases not made through payroll deduction, will be payable directly by you when you initiate such transactions.

Sales Transaction Fees:

Web/IVR Sales

\$0.03 per share
\$29.95 minimum transaction fee

Live Representative Assisted Sales

\$0.07 per share up to 1,000 shares
\$0.05 per share up to 1,001 – 5,000 shares
\$0.03 per share over 5,000 shares
\$39.95 minimum transaction fee

SEC fee applied to all sales per SEC defined rate

Please note that in addition to the Sales Transaction Fees shown above, a Check Processing Fee of \$5.35 will apply to each sale of whole or fractional shares.

Other Fees:	
Direct Registration System Transfer Fees (DRS):	\$50.00
Broker Transfer Fees:	\$50.00
Default Fee (If no termination distribution option elected):	\$75.00 per transaction for each security
Dividend Reinvestment	
<u>Dividend</u>	<u>Fee</u> (as a percent of dividend)
\$.01-\$100.00	4%
\$100.01-\$500.00	2% (\$4 minimum)
\$500.01-up	1.5%

Tax Information

Each year Computershare provides reportable dividend information necessary to file your tax return. To avoid negative tax treatment, you must certify your tax status by completing a W9 form for U.S. tax filers or W8-BEN form for Non-U.S. tax filers. You can certify your account on the Web or through the Interactive Voice Response (IVR).

Once your account is established please access your account and update your tax certification status through the Computershare Website or Interactive Voice Response System (IVR).

Option 1: Log on to www.computershare.com/Employee/US which is available 24 hours a day, 7 days a week, using your company code or company name: Company code – **PCAR** Company Name – **PACCAR INC ESPP**. Click on the “My Details” tab at the top of the screen and then “Tax Information” from the drop down menu and follow the online instructions to amend you tax information.

Option 2: Call toll free **1-800-810-7502** and certify through the Interactive Voice Response System (IVR) or speak to a customer service representative who can assist you with this process.

You will need your User ID, which is your Social Security Number, and Personal Identification Number (PIN) to access the WEB and IVR.

Making Changes to Your Account

Payroll Deductions

To change the amount of your payroll deduction or to discontinue your payroll deduction, complete an Employee Stock Purchase Plan form and return it to your Human Resources representative.

Any changes or termination of deductions will become effective as soon as administratively feasible after your Human Resources representative receives your form.

The Company reserves the right to discontinue payroll deductions and this Plan at any time if, in its judgment, it deems such action to be advisable.

Selling Your Shares

You may sell all or part of your stock in your account at any time. When selling your ESPP shares you may choose one of the three methods below.

A **Market Order** to sell is a request to sell shares immediately at the next available market price. If you choose this method, your sale will most likely be executed in a

timely manner, but the price at which shares are sold may be lower or higher than the current share price at the time you enter your order.

Limit Order Day – A Limit Order Day is an order that allows you to specify a price at which you want to sell your shares. Your order instructions will be effective for only one trading day. Your shares are **only** sent for sale when the stock price hits or exceeds the minimum price set by you. Your order will then be executed at the next available trade. There is no guarantee that the price you set will be the price you will receive for your shares, or that the sale will occur. If the price does not meet or exceed your minimum price by the end of the trading day, the sale request is cancelled.

Limit Order 30 Day – A Limit Order 30 Day is an order that allows you to specify a price at which you want to sell your shares. Your order instructions will be effective for 30 trading days. Your shares are **only** sent for sale when the stock price hits or exceeds the minimum price set by you. Your order will then be executed at the next available trade. There is no guarantee that the price you set will be the price you will receive for your shares, or that the sale will occur. If the price does not meet or exceed your minimum price by the end of 30 trading days, the sale request is cancelled.

Termination of Employment

If your employment is terminated, you will need to move your shares and close your account currently held with Computershare. You will have the following three options:

- Option 1: Request Computershare to sell your stock and send the proceeds to you.
- Option 2: Request a Direct Registration System Transfer which transfers your shares directly to PACCAR's transfer agent, Wells Fargo.
- Option 3: Request Computershare to transfer your stock to your personal brokerage account.

Commissions on sales and other normal changes such as transfer fees are payable by you.

Administrative Information

Computershare Contact Information

- **Online.** You may access your account information online at:

www-us.computershare.com/employee

- **Interactive Voice Response (IVR).** You may access your account information through the IVR, 24 hours a day, seven days a week. Here's what you need to get started:

Step 1: From a touch-tone phone, dial either Domestic 1-800-810-7502 (toll free) or Foreign 1-732-491-0768 (toll charges will apply).

Step 2: Enter your nine-digit account number or social security number followed by the # sign.

Step 3: Enter your 5 digit PIN followed by the # sign.



Employee Stock Purchase Plan

Frequently Asked Questions

What are the advantages of investing in PACCAR common stock through the Employee Stock Purchase Plan (ESPP)?

The Plan permits purchases in small dollar amounts; therefore, even if you have only modest sums to invest, you can still take advantage of the Plan.

What price will I pay for the stock purchased for me?

Stock prices vary from day to day and even from hour to hour, depending on the price at which owners of stock are willing to sell it and the price buyers are willing to pay. Your account will be credited with stock purchased at the average of the market price of PACCAR stock purchased for all employee payroll deductions.

How much stock will be bought for me and how often?

Each pay period Computershare will purchase as many full and/or fractional shares (to six decimal places) as your payroll deduction will allow. There is no limit to the number of shares you may accumulate in your account.

What if the amount of money I am investing won't buy an even number of shares or one full share of PACCAR stock?

It makes no difference since you are buying stock by the dollar value instead of by the share. For example, if your account invests \$25.00 per month, and if stock is purchased at \$20.00 per share, your account will be credited with 1.25 shares. If your monthly investment buys less than a full share, your account will likewise be credited with a fractional interest to six decimal places.

May I also participate in the Plan by making a lump sum contribution?

Yes, you may separately instruct Computershare to purchase additional shares of PACCAR stock for your account. You will be responsible for the commissions on each purchase.

What record of my purchases will I receive?

Every calendar quarter you will receive a summary statement detailing activity in your account for the previous quarter. The statement lists the total number of full and fractional shares you've accumulated, as well as the shares purchased, and the price paid each month for stock purchased in the prior quarter.

How can I find out the share balance in my Computershare account?

You can find out how many shares you own and their current market value by accessing your account through either the Computershare website at www-us.computershare.com/employee or the Interactive Voice Response (IVR) system at 1-800-810-7502.

How do I pay the fees associated with selling my stock?

Fees associated with selling your stock through Computershare will be automatically deducted from your sale proceeds.

What happens if I decide to withdraw from the Plan and stop my payroll deductions?

If you choose to withdraw from the Plan, you must submit an Employee Stock Purchase Plan form to your Human Resources department indicating your decision to stop payroll deductions. Your payroll deductions will stop, but your account will remain open unless you elect to close it. If you request that your account be closed, according to your instructions, Computershare will either:

- a) Sell your holdings and mail you a check for the net proceeds.
- b) Transfer your shares directly to PACCAR's transfer agent via the Direct Registration System (DRS).
- c) Transfer your shares to a personal brokerage account

Commissions on sales and other normal charges such as transfer fees are payable by you.

Whom do I notify if my address changes?

Current PACCAR employees should contact their Human Resource representative with an address change. Terminated employees should contact Computershare.

Why do I need to complete the W-9/W-8 BEN information?

When you sell your shares, you may be subject to backup withholding. Unless you complete this information, the maximum allowable tax will be withheld from the proceeds of your sale.

Can I have my spouse's name on my account with me?

No. The ESPP is only available to individual PACCAR employees.

Do I need to complete a beneficiary form? If not, how does Computershare know who can sell my shares if I die?

Beneficiary forms are not necessary for estates of deceased employees to sell ESPP shares. The administrator, executor or beneficiary should call the Computershare service number and ask for the procedures to follow.

What happens if I leave the Company?

If your employment terminates, you will need to move your shares and close your account currently held with Computershare. You will have the following three options:

- Option 1: Request Computershare to sell your stock and send the proceeds to you.
- Option 2: Request a DRS transfer which transfers your shares directly to PACCAR's transfer agent.
- Option 3: Request Computershare to transfer your stock to your personal brokerage account.

Commissions on sales and other normal charges such as transfer fees are payable by you.