

# VEHICLE REPLACEMENT GUIDELINES

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Dear NETS Members,

December 12, 2011

Keith Welch with Dow submitted a question concerning the replacement frequency of vehicles.

Responses follow Keith's question.

Thank you to those of you who provided responses.

Please contact me if you have any questions or suggestions.

Thank you,

Jack

J. M. Hanley  
Executive Director  
Network of Employers for Traffic Safety  
314-680-3293

## QUESTION

How many miles on a vehicle are allowed before it is replaced? Are there other criteria used that other companies have in place to replace vehicles?

***Keith Welch, CSP***

The Dow Chemical Company  
EH&S Delivery Specialist

Tel: 713-654-3637

Cell: 281-610-4727

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# VEHICLE REPLACEMENT GUIDELINES

	RESPONSES	VEHICLE REPLACEMENT FREQUENCY GUIDELINES
1	<b>Anonymous</b>	We replace at 100K miles.
2	<b>Amgen Scott Thompson sothomps@amgen.com</b>	We replace at 36 months or 60,000 miles, whichever comes first
3	<b>AstraZeneca Mary Rose mary.rose@astrazeneca.com</b>	Our policy notes that when a vehicle reaches 75,000 miles it is up for replacement. But since we own our vehicles instead of lease them, a vehicle that hits 75,000 miles merely gets put on the replacement list. Depending on the amount of capital funding given to us, we begin replacement with the vehicles that have accumulated the most mileage first. That often means there are vehicles with 90,000+ miles that are replaced before those that have just hit 75,000.
4	<b>Baxter Healthcare Kristin O'Driscoll kristin_o'driscoll@baxter.com</b>	Replacement parameter for both sedans and SUV's 48 months in service/75,000 miles, whichever comes first.
5	<b>Boehringer-Ingelheim David Redalieu david.redalieu@boehringer- ingelheim.com</b>	Our standard replacement criterion in US is 4 years/ 80K miles.
6	<b>BP Ken Daigle <u>Kenneth.Daigle@bp.com</u>  Note: Responses are from two business units.</b>	<p>1) For transport trucks, our replacement cycle was driven mostly by maintenance costs. We bought extended warranties (5 years) on tractors and sold them at the end of that period. The average life of a trailer was about 10 years and was also a function of maintenance costs.</p> <p>For cars, I think we used mileage as the biggest factor and replaced after about 75,000 - 80,000 miles. This would vary from year to year based on available budgets.</p> <p>2) Policy...recommends that company cars be replaced at 5 years or 70,000 miles. But, the policy was made decades ago before overdrive transmissions and better oils. I replace pool vehicles before 100,000 miles. I have some 2002 vehicles but with very low miles. It is really up to the administrator.</p>

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7	<b>Chubb</b> <b>Sheri Bonsall</b> <b>sheribonsall@chubb.com</b>	<p>We replace at 50-55K/36 months. The resale market is so strong right now I lowered it from 70K to 50K to take advantage of the these great gains! We are experiencing residual values of &gt;45%! I say ride the wave till it subsides then push it back up to 75K.</p>																																																																																																
8	<b>ComEd</b> <b>John Meyers</b> <b><u>john.meyers@ComEd.com</u></b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Category</th> <th style="text-align: center;">Category Description</th> <th style="text-align: center;">Years</th> </tr> </thead> <tbody> <tr><td style="text-align: center;"><b>10</b></td><td>Subcompact</td><td style="text-align: center;">6</td></tr> <tr><td style="text-align: center;"><b>31</b></td><td>4x4 SUV / Suburban</td><td style="text-align: center;">6</td></tr> <tr><td style="text-align: center;"><b>32</b></td><td>Fleet Service Vehicles</td><td style="text-align: center;">8</td></tr> <tr><td style="text-align: center;"><b>33</b></td><td>Full Size Van</td><td style="text-align: center;">8</td></tr> <tr><td style="text-align: center;"><b>34</b></td><td>Full Size Pick up</td><td style="text-align: center;">8</td></tr> <tr><td style="text-align: center;"><b>36</b></td><td>Mini Pick up</td><td style="text-align: center;">8</td></tr> <tr><td style="text-align: center;"><b>37</b></td><td>Mini Van</td><td style="text-align: center;">8</td></tr> <tr><td style="text-align: center;"><b>41</b></td><td>Step Van with MTD. 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10	<b>GE Healthcare</b> <b>Jeri Hall</b> <a href="mailto:Jeri.Hall@med.ge.com">Jeri.Hall@med.ge.com</a>	For GEHC Americas service – our sedans are replaced at 80,000 miles and our minivans/cross-overs are replaced at 90,000 miles. That is the standard replacement cycle.
11	<b>Lilly</b> <b>Beth Stamer</b> <b>STAMER_BETH_A@LILLY.COM</b>	<p>Lilly's sales fleet replacement cycle is as follows:</p> <p>A replacement cycle cut-off date is determined. At that date, the following criteria apply: (knowing it will be anywhere between 2 - 6 months from this date that the vehicle is really removed from service):</p> <ol style="list-style-type: none"> <li>1. 63,000 miles on a vehicle</li> <li>2. 36 months or more months in service with at least 36 K miles on the vehicle</li> <li>3. 40 months in service, regardless of the number of miles on the vehicle</li> </ol>
12	<b>Merck</b> <b>Bob Holman</b> <b>robert_holman@merck.com</b>	Our replacement schedule is fluid. In the past, we were fairly consistent with an approximate 36 month/65000 mile schedule (whichever came first). That has now changed and there are no set/specific criteria. Factors in the current replacement schedule are much more dynamic. We now factor in items including increased long-term reliability of vehicles, opportunities to maximize resale values based upon the used car market, availability of preferred models, OEM incentives, as well as business considerations around deployment of capital and expenses.
13	<b>Roche</b> <b>Don Pearson</b> <b>Donald.pearson.roch.com</b>	Our replacement cycle is 80,000 miles or 5 years.
14	<b>Roche Diagnostics-Canada</b> <b>Francine Seguin</b> <a href="mailto:francine.seguin@roche.com">francine.seguin@roche.com</a>	Our policy for changing our vehicles is 3 years or 120,000 km (74,565 miles).

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15	<b>Sanofi-aventis</b> <b>Tom Cosentino</b> <u><a href="mailto:Thomas.Cosentino@sanofi-aventis.com">Thomas.Cosentino@sanofi-aventis.com</a></u>	<p>Our fleet consists of passenger vehicles for sales professionals in the pharmaceutical industry. Our current replacement target is 4 years and/or 80K miles. This target is flexible based on market conditions. It is driven by repair (costs, frequency, time out of service, dependability), and resale value.</p>
16	<b>Shell</b> <b>Mike Watson</b> <u><a href="mailto:Mike.Watson@shell.com">Mike.Watson@shell.com</a></u>	<p>Our policies vary by country.</p> <p>Some are every 4 years, others are 5 years. Others are every 160,000 km miles driven</p>
17	<b>Spectra Energy</b> <b>Kevin Wright</b> <u><a href="mailto:KPWright@uniongas.com">KPWright@uniongas.com</a></u>	<p>We have a fleet of about 2300 vehicles, most of which are light and medium trucks.</p> <p>As far as replacement schedules go, we try to work with the following:</p> <p>Cars and Light Trucks– 60mths or 160,000kms          Medium Truck (gas) – 72mths or 160,000kms          Medium Truck (diesel) – 120mths or 250,000kms          Heavy Truck (diesel) – 144mths or 350,000kms</p>
1	<b>Sunoco</b> <b>Bill Sanicki</b> <u><a href="mailto:WMSANICKY@sunocoinc.com">WMSANICKY@sunocoinc.com</a></u>	<p>We used to have three plans depending on needs.</p> <p>Closed end lease          2 years / 90,000 miles          3 years / 90,000 miles          3 years / 110,000 miles</p> <p>Our new plan is...</p> <p>40 month open end lease. No mileage restrictions.          At the end of 40 months, it will be determined to replace the vehicle based on need, use, mechanical condition and/or the company's financial condition. We may keep the vehicle for a few extra years.</p>

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