UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2020

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from ____ to ____.

Commission File Number 001-14817

PACCAR Inc
(Exact name of Registrant as specified in its charter)

Delaware	**91-0351110**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
777 - 106th Ave. N.E., Bellevue, WA	**98004**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code (425) 468-7400

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $1 par value	PCAR	The Nasdaq Stock Market

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2020:

Common Stock, $1 par value – $25.44 billion

The number of shares outstanding of the registrant's classes of common stock, as of January 31, 2021:

Common Stock, $1 par value – 346,936,820 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the annual stockholders meeting to be held on April 27, 2021 are incorporated by reference into Part III.

Included in Financial Services "Other Assets" on the Company's Consolidated Balance Sheets are used trucks held for sale, net of impairments, of $375.8 million at December 31, 2020 and $391.4 million at December 31, 2019. These trucks are primarily units returned from matured operating leases in the ordinary course of business, and also include trucks acquired from repossessions, through acquisitions of used trucks in trades related to new truck sales and trucks returned from residual value guarantees (RVGs).

The Company recognized losses on used trucks, excluding repossessions, of $88.2 million in 2020 compared to $57.5 million in 2019, including losses on multiple unit transactions of $38.6 million in 2020 compared to $19.1 million in 2019. Used truck losses related to repossessions, which are recognized as credit losses, were insignificant for 2020 and 2019.

The major factors for the changes in interest and fees, interest and other borrowing expenses and finance margin between 2020 and 2019 are outlined below:

($ in millions)	**INTEREST AND FEES**	**INTEREST AND OTHER BORROWING EXPENSES**	**FINANCE MARGIN**
2019	**$ 583.0**	**$ 230.5**	**$ 352.5**
Increase (decrease)			
		1.2	
	(47.1)		**(47.1)**
		(35.8)	**35.8**
	(11.5)	**(3.8)**	**(7.7)**
	(55.6)	**(38.4)**	**(17.2)**
		$ 192.1	**$ 335.3**

- Average finance receivables increased $51.4 million (excluding foreign exchange effects) in 2020 as a result of retail portfolio new business volume exceeding collections, partially offset by lower dealer wholesale balances.
- Average debt balances increased $12.4 million (excluding foreign exchange effects) in 2020. The higher average debt balances reflect funding for a higher average earning assets portfolio.
- Lower portfolio yields (4.7% in 2020 compared to 5.2% in 2019) decreased interest and fees by $47.1 million. The lower portfolio yields were primarily due to lower market rates in North America.
- Lower borrowing rates (1.8% in 2020 compared to 2.2% in 2019) were primarily due to lower debt market rates in North America.
- The currency translation effects reflect a decrease in the value of foreign currencies relative to the U.S. dollar, primarily the Mexican peso and the Brazilian real.

The following table summarizes operating lease, rental and other revenues and depreciation and other expenses:

($ in millions) *Year Ended December 31,*	**2020**	2019
Operating lease and rental revenues	**$ 832.0**	$ 831.0
Used truck sales		
	20.0	22.1
Operating lease, rental and other revenues	**$ 1,046.8**	$ 897.0
Depreciation of operating lease equipment	**$ 651.9**	$ 605.4
Vehicle operating expenses	**152.4**	143.8
Cost of used truck sales	**200.1**	45.9
Insurance, franchise and other expenses	**3.6**	3.1
Depreciation and other expenses	**$ 1,008.0**	$ 798.2

The major factors for the changes in operating lease, rental and other revenues, depreciation and other expenses and lease margin between 2020 and 2019 are outlined below:

($ in millions)	OPERATING LEASE, RENTAL AND OTHER REVENUES	DEPRECIATION AND OTHER EXPENSES	LEASE MARGIN
	$ 897.0	$ 798.2	$ 98.8
Increase (decrease)			
Used truck sales	**151.0**	**154.2**	**(3.2)**
Results on returned lease assets		**28.7**	**(28.7)**
Average operating lease assets	**(1.4)**	**.9**	**(2.3)**
Revenue and cost per asset	**(2.0)**	**17.5**	**(19.5)**
Currency translation and other	**2.2**	**8.5**	**(6.3)**
Total increase (decrease)	**149.8**	**209.8**	**(60.0)**
2020	**$ 1,046.8**	**$ 1,008.0**	**$ 38.8**

- A higher sales volume of used trucks received on trade and upon RVG contract expiration increased operating lease, rental and other revenues by $151.0 million and increased depreciation and other expenses by $154.2 million.
- Results on returned lease assets increased depreciation and other expenses by $28.7 million primarily due to higher impairments in the U.S. and Europe and higher losses on sales of returned lease units in the U.S.
- Average operating lease assets increased $9.8 million (excluding foreign exchange effects), which increased related depreciation and other expenses by $.9 million. Revenues decreased by $1.4 million due to lower rental income per unit in Europe.
- Revenue per asset decreased $2.0 million primarily due to lower fleet utilization. Cost per asset increased $17.5 million due to higher operating lease impairments in Europe, higher depreciation expense and higher vehicle operating expenses.
- The currency translation effects reflect an increase in the value of foreign currencies relative to the U.S. dollar, primarily the euro, partially offset by the Mexican peso.

Financial Services SG&A expense decreased to $122.2 million in 2020 from $137.0 million in 2019. The decrease was due to lower salaries and related expenses as a result of cost controls and lower travel expenses. As a percentage of revenues, Financial Services SG&A decreased to 7.8% in 2020 from 9.3% in 2019.

The following table summarizes the provision for losses on receivables and net charge-offs:

	2020		2019	
($ in millions)	**PROVISION FOR LOSSES ON RECEIVABLES**	**NET CHARGE-OFFS**	PROVISION FOR LOSSES ON RECEIVABLES	NET CHARGE-OFFS
U.S. and Canada	**$ 16.2**	**$ 13.8**	$ 13.5	$ 14.0
Europe				
	7.5	**5.3**	5.1	4.2
	$ 28.8	**$ 22.3**	$ 15.4	$ 17.4

The provision for losses on receivables increased to $28.8 million in 2020 from $15.4 million in 2019, primarily driven by growth in the loans and finance leases portfolio and challenging economic conditions related to the COVID-19 pandemic. In addition, the provision for losses in 2019 also included recoveries on charged-off accounts in Europe.

The Company modifies loans and finance leases as a normal part of its Financial Services operations. The Company may modify loans and finance leases for commercial reasons or for credit reasons. Modifications for commercial reasons are changes to contract terms for customers that are not considered to be in financial difficulty. Insignificant delays are modifications extending terms up to three months for customers experiencing some short-term financial stress, but not considered to be in financial difficulty. Modifications for credit reasons are changes to contract terms for customers considered to be in financial difficulty. The Company's modifications typically result in granting more time to pay the contractual amounts owed and charging a fee and interest for the term of the modification. When considering whether to modify customer accounts for credit reasons, the Company evaluates the creditworthiness of the customers and modifies those accounts that the Company considers likely to perform under the modified terms. When the

Company modifies a loan or finance lease for credit reasons and grants a concession, the modification is classified as a troubled debt restructuring (TDR).

The post-modification balances of accounts modified during the years ended December 31, 2020 and 2019 are summarized below:

	2020		2019	
($ in millions)	AMORTIZED COST BASIS	% OF TOTAL PORTFOLIO*	AMORTIZED COST BASIS	% OF TOTAL PORTFOLIO*
Commercial	$ 244.4	2.5 %	$ 316.4	3.5%
Insignificant delay	2,545.3	26.0 %	83.2	.9%
Credit - no concession	120.2	1.2 %	23.3	.3%
Credit - TDR	74.7	.8 %	2.5	
	$ 2,984.6	30.5 %	$ 425.4	4.7%

* Amortized cost basis immediately after modification as a percentage of the year-end retail portfolio balance.

In 2020, total modification activity significantly increased compared to 2019. The decrease in modifications for Commercial reasons primarily reflects lower volumes of refinancing. The increase in modifications for Insignificant delay reflects fleet customers requesting payment relief for up to three months related to the COVID-19 pandemic. The increase in modifications for Credit - no concession is primarily due to higher volumes of refinancing and requests for payment relief in Europe, the U.S. and Mexico. Credit - TDR modifications increased to $74.7 million in 2020 from $2.5 million in 2019 primarily due to two fleet customers in the U.S. and four fleet customers in Mexico.

The following table summarizes the Company’s 30+ days past due accounts:

At December 31,	2020	2019
Percentage of retail loan and lease accounts 30+ days past due:		
U.S. and Canada	.1 %	.4%
Europe	.9 %	.7%
Mexico, Australia and other	1.7 %	2.0%
Worldwide	.5 %	.7%

Accounts 30+ days past due decreased to .5% at December 31, 2020 from .7% at December 31, 2019. The Company continues to focus on maintaining low past due balances.

When the Company modifies a 30+ days past due account, the customer is then generally considered current under the revised contractual terms. The Company modified $18.6 million and $1.7 million of accounts worldwide during the fourth quarter of 2020 and the fourth quarter of 2019, respectively, which were 30+ days past due and became current at the time of modification. Had these accounts not been modified and continued to not make payments, the pro forma percentage of retail loan and lease accounts 30+ days past due would have been as follows:

At December 31,	2020	2019
Pro forma percentage of retail loan and lease accounts 30+ days past due:		
U.S. and Canada	.1 %	.4%
Europe	1.5 %	.7%
Mexico, Australia and other	1.9 %	2.1%
Worldwide	.6 %	.7%

Modifications of accounts in prior quarters that were more than 30 days past due at the time of modification are included in past dues if they were not performing under the modified terms at December 31, 2020 and 2019. The effect on the allowance for credit losses from such modifications was not significant at December 31, 2020 and 2019.

The Company’s 2020 and 2019 annualized pre-tax return on average assets for Financial Services was 1.4% and 2.0%, respectively.

Other

Other includes the winch business as well as sales, income and expenses not attributable to a reportable segment. Other also includes non-service cost components of pension expense and a portion of corporate expense. Other sales represent less than 1% of consolidated net sales and revenues for 2020 and 2019. Other SG&A decreased to $55.6 million in 2020 from $84.0 million in 2019 primarily due to lower compensation costs reflecting stringent cost controls and lower travel expenses.

Other income (loss) before tax was $18.2 million in 2020 compared to $(17.7) million in 2019. The income in 2020 compared to loss in 2019 was primarily due to lower salaries and related expenses, lower expected costs to resolve certain environmental matters and lower travel expenses, partially offset by lower results from the winch business.

Investment income decreased to $35.9 million in 2020 from $82.3 million in 2019, primarily due to lower yields on U.S. investments due to lower market interest rates.

Income Taxes

In 2020, the effective tax rate was 21.7% compared to 23.0% in 2019. The lower effective tax rate in 2020 was primarily due to the change in mix of income generated in jurisdictions with lower tax rates in 2020 as compared to 2019.

($ in millions)

Year Ended December 31,	**2020**	2019
Domestic income before taxes	**$ 1,122.9**	$ 2,201.1
Foreign income before taxes	**535.0**	898.1
Total income before taxes	**$ 1,657.9**	$ 3,099.2
Domestic pre-tax return on revenues	**10.8%**	14.5%
Foreign pre-tax return on revenues	**6.4%**	8.6%
Total pre-tax return on revenues	**8.9%**	12.1%

In 2020, both domestic and foreign income before income taxes and pre-tax return on revenues decreased primarily due to lower revenues and lower margins from truck operations.

LIQUIDITY AND CAPITAL RESOURCES:

($ in millions)

At December 31,	**2020**	2019
Cash and cash equivalents	**$ 3,539.6**	$ 4,175.1
Marketable debt securities	**1,429.0**	1,162.1
	$ 4,968.6	$ 5,337.2

The Company’s total cash and marketable debt securities at December 31, 2020 decreased $368.6 million from the balances at December 31, 2019 due to a decrease in cash and cash equivalents, primarily reflecting $1,239.8 million of dividends paid during 2020, partially offset by other cash flows as described below.

The change in cash and cash equivalents is summarized below:

($ in millions) *Year Ended December 31,*		**2020**		2019
Operating activities:				
Net income	**$**	**1,298.4**	$	2,387.9
Net income items not affecting cash				
		776.0		(682.0)
Net cash provided by operating activities		**2,987.2**		2,860.3
Net cash used in investing activities		**(1,875.8)**		(2,207.4)
Net cash (used in) provided by financing activities		**(1,808.5)**		83.4
Effect of exchange rate changes on cash		**61.6**		2.9
Net (decrease) increase in cash and cash equivalents		**(635.5)**		739.2
Cash and cash equivalents at beginning of the year		**4,175.1**		3,435.9
Cash and cash equivalents at end of the year	**$**	**3,539.6**	$	4,175.1

Operating activities: Cash provided by operations increased by $126.9 million to $2.99 billion in 2020 from $2.86 billion in 2019. The increase reflects $1,391.4 million from wholesale receivables on new trucks as there was a cash inflow of $871.2 million in 2020 versus a cash outflow of $520.2 million in 2019. Higher operating cash flows reflect an increase of $144.2 million from used truck inventories as there was a cash inflow in 2020 ($65.1 million) compared to a cash outflow in 2019 ($79.1 million) and $194.1 million from accounts receivable as collections exceeded sales in 2020 ($121.8 million) compared to sales exceeding collections in 2019 ($72.3 million). The higher operating cash inflows were partially offset by lower net income of $1,089.5 million and a higher outflow for product support liabilities of $255.7 million as payments exceeded accruals by $89.1 million in 2020 and accruals exceeded payments by $166.6 million in 2019. Additionally, there were higher cash outflows for pension contributions of $149.2 million and higher net purchases of inventories of $72.8 million as there were $48.2 million in net purchases in 2020 and $24.6 million in net inventory reductions in 2019.

Investing activities: Cash used in investing activities decreased by $331.6 million to $1,875.8 million in 2020 from $2,207.4 million in 2019. Lower net cash used in investing activities reflects lower cash used in the acquisition of equipment for operating leases of $308.8 million. In addition, there was $101.0 million of higher proceeds from dealer wholesale receivables on used trucks as cash receipts exceeded cash outflows in 2020 ($53.3 million) compared to originations exceeding cash receipts in 2019 ($47.7 million). The lower cash usage was partially offset by higher net purchases of marketable securities of $109.5 million in 2020 compared to 2019.

Financing activities: Cash used in financing activities increased $1,891.9 million to $1,808.5 million in 2020 compared to cash provided by financing activities of $83.4 million in 2019. In 2020, the Company issued $2,150.1 million of term debt, repaid term debt of $1,898.5 million and decreased its outstanding commercial paper and short-term bank loans by $831.9 million. In 2019, the Company issued $2,504.3 million of term debt, repaid term debt of $1,790.0 million and increased its outstanding commercial paper and short-term bank loans by $557.1 million. This resulted in cash used by borrowing activities of $580.3 million in 2020, $1,851.7 million lower than the cash provided by borrowing activities of $1,271.4 million in 2019. The Company paid $1,239.8 million in dividends in 2020 compared to $1,138.6 million in 2019 due to a higher extra dividend paid in January 2020. In addition, the Company repurchased .7 million shares of common stock for $42.1 million in 2020 compared to the purchase of 1.7 million shares for $110.2 million in 2019.

Credit Lines and Other:

The Company has line of credit arrangements of $3.52 billion, of which $3.29 billion were unused at December 31, 2020. Included in these arrangements are $3.00 billion of committed bank facilities, of which $1.00 billion expires in June 2021, $1.00 billion expires in June 2023 and $1.00 billion expires in June 2024. The Company intends to extend or replace these credit facilities on or before expiration to maintain facilities of similar amounts and duration. These credit facilities are maintained primarily to provide backup liquidity for commercial paper borrowings and maturing medium-term notes. There were no borrowings under the committed bank facilities for the year ended December 31, 2020.

On December 4, 2018, PACCAR's Board of Directors approved the repurchase of up to $500.0 million of the Company's outstanding common stock. As of December 31, 2020, the Company has repurchased $110.0 million of shares under the December 4, 2018 authorization. The Company has temporarily suspended its repurchases as a result of the economic uncertainty related to the COVID-19 pandemic.

Truck, Parts and Other

The Company provides funding for working capital, capital expenditures, R&D, dividends, stock repurchases and other business initiatives and commitments primarily from cash provided by operations. Management expects this method of funding to continue in the future.

Investments for manufacturing property, plant and equipment in 2020 were $558.8 million compared to $734.0 million in 2019. Over the past decade, the Company's combined investments in worldwide capital projects and R&D totaled $7.20 billion and have significantly increased the operating capacity and efficiency of its facilities and enhanced the quality and operating efficiency of the Company's premium products.

Capital investments in 2021 are expected to be $575 to $625 million, and R&D is expected to be $350 to $375 million. The Company is investing for medium- and long-term growth in aerodynamic truck models, integrated powertrains including diesel, electric, hybrid, and hydrogen fuel cell technologies, as well as advanced driver assistance and autonomous systems, connected vehicle services and next-generation manufacturing and distribution capabilities.

Financial Services

The Company funds its financial services activities primarily from collections on existing finance receivables and borrowings in the capital markets. The primary sources of borrowings in the capital markets are commercial paper and medium-term notes issued in the public markets and, to a lesser extent, bank loans.

In November 2018, the Company's U.S. finance subsidiary, PACCAR Financial Corp. (PFC), filed a shelf registration under the Securities Act of 1933. The total amount of medium-term notes outstanding for PFC as of December 31, 2020 was $6.00 billion. In February 2021, PFC issued $400.0 million of medium-term notes under this registration. The registration expires in November 2021 and does not limit the principal amount of debt securities that may be issued during that period.

As of December 31, 2020, the Company's European finance subsidiary, PACCAR Financial Europe, had €1.60 billion available for issuance under a €2.50 billion medium-term note program listed on the Euro MTF Market of the Luxembourg Stock Exchange. This program replaced an expiring program in the second quarter of 2020 and is renewable annually through the filing of a new listing.

In April 2016, PACCAR Financial Mexico registered a 10.00 billion peso medium-term note and commercial paper program with the Comision Nacional Bancaria y de Valores. The registration expires in April 2021 and limits the amount of commercial paper (up to one year) to 5.00 billion pesos. At December 31, 2020, 6.84 billion pesos were available for issuance.

In August 2018, the Company's Australian subsidiary, PACCAR Financial Pty. Ltd. (PFPL), registered a medium-term note program. The program does not limit the principal amount of debt securities that may be issued under the program. The total amount of medium-term notes outstanding for PFPL as of December 31, 2020 was 450.0 million Australian dollars.

The Company believes its cash balances and investments, collections on existing finance receivables, committed bank facilities, and current investment-grade credit ratings of A+/A1 will continue to provide it with sufficient resources and access to capital markets at competitive interest rates and therefore contribute to the Company maintaining its liquidity and financial stability. In the event of a decrease in the Company's credit ratings or a disruption in the financial markets, the Company may not be able to refinance its maturing debt in the financial markets. In such circumstances, the Company would be exposed to liquidity risk to the degree that the timing of debt maturities differs from the timing of receivable collections from customers. The Company believes its various sources of liquidity, including committed bank facilities, would continue to provide it with sufficient funding resources to service its maturing debt obligations.

Commitments

The following summarizes the Company’s contractual cash commitments at December 31, 2020:

	MATURITY				
($ in millions)	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	TOTAL
Borrowings*	$ 5,396.0	$ 4,604.4	$ 865.6		$ 10,866.0
Purchase obligations					
	114.6	103.6	15.4		233.6
	37.6	5.5	1.1		44.2
	$ 5,654.1	$ 4,805.7	$ 888.2	$ 6.0	$ 11,354.0

* Commercial paper included in borrowings is at par value.

** Interest on floating-rate debt is based on the applicable market rates at December 31, 2020.

Total cash commitments for borrowings and interest on term debt were $11.10 billion and were related to the Financial Services segment. As described in Note J of the consolidated financial statements, borrowings consist primarily of term notes and commercial paper issued by the Financial Services segment. The Company expects to fund its maturing Financial Services debt obligations principally from funds provided by collections from customers on loans and lease contracts, as well as from the proceeds of commercial paper and medium-term note borrowings. Purchase obligations are the Company’s contractual commitments to acquire future production inventory and capital equipment. Other obligations primarily include commitments to purchase energy.

The Company’s other commitments include the following at December 31, 2020:

	COMMITMENT EXPIRATION				
($ in millions)	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	TOTAL
Loan and lease commitments	$ 823.4				$ 823.4
Residual value guarantees	633.0	$ 709.2	$ 158.7	$ 42.2	1,543.1
Letters of credit	9.3	.1	.2	.7	10.3
	$ 1,465.7	$ 709.3	$ 158.9	$ 42.9	$ 2,376.8

Loan and lease commitments are for funding new retail loan and lease contracts. Residual value guarantees represent the Company’s commitment to acquire trucks at a guaranteed value if the customer decides to return the truck at a specified date in the future.

IMPACT OF ENVIRONMENTAL MATTERS:

The Company, its competitors and industry in general are subject to various domestic and foreign requirements relating to the environment. The Company believes its policies, practices and procedures are designed to prevent unreasonable risk of environmental damage and that its handling, use and disposal of hazardous or toxic substances have been in accordance with environmental laws and regulations in effect at the time such use and disposal occurred.

The Company is involved in various stages of investigations and cleanup actions in different countries related to environmental matters. In certain of these matters, the Company has been designated as a “potentially responsible party” by domestic and foreign environmental agencies. The Company has accrued the estimated costs to investigate and complete cleanup actions where it is probable that the Company will incur such costs in the future. Expenditures related to environmental activities in the years ended December 31, 2020 and 2019 were $1.9 million and $1.3 million, respectively. While the timing and amount of the ultimate costs associated with future environmental cleanup cannot be determined, management expects that these matters will not have a significant effect on the Company’s consolidated cash flow, liquidity or financial condition.

CRITICAL ACCOUNTING POLICIES:

The Company’s significant accounting policies are disclosed in Note A of the consolidated financial statements. In the preparation of the Company’s financial statements, in accordance with U.S. generally accepted accounting principles, management uses estimates and makes judgments and assumptions that affect asset and liability values and the amounts reported as income and expense during the periods presented. The following are accounting policies which, in the opinion of management, are particularly sensitive and which, if actual results are different from estimates used by management, may have a material impact on the financial statements.

Operating Leases

Trucks sold pursuant to agreements accounted for as operating leases are disclosed in Note F of the consolidated financial statements. In determining its estimate of the residual value of such vehicles, the Company considers the length of the lease term, the truck model, the expected usage of the truck and anticipated market demand. Operating lease terms generally range from three to five years. The resulting residual values on operating leases generally range between 30% and 70% of the original equipment cost. If the sales price of a truck at the end of the term of the agreement differs from the Company’s estimated residual value, a gain or loss will result.

Future market conditions, changes in government regulations and other factors outside the Company’s control could impact the ultimate sales price of trucks returned under these contracts. Residual values are reviewed regularly and adjusted if market conditions warrant. A decrease in the estimated equipment residual values would increase annual depreciation expense over the remaining lease term.

During 2020 and 2019, market values on equipment returning upon operating lease maturity were generally lower than the residual values on the equipment, resulting in an increase in depreciation expense of $99.9 million and $65.8 million, respectively.

At December 31, 2020, the aggregate residual value of equipment on operating leases in the Financial Services segment and residual value guarantee on trucks accounted for as operating leases in the Truck segment was $2.42 billion. A 10% decrease in used truck values worldwide, if expected to persist over the remaining maturities of the Company’s operating leases, would reduce residual value estimates and result in the Company recording additional depreciation expense of approximately $80.7 million in 2021, $70.6 in 2022, $55.6 in 2023, $22.6 in 2024 and $12.9 in 2025 and thereafter.

Allowance for Credit Losses

The allowance for credit losses related to the Company’s loans and finance leases is disclosed in Note E of the consolidated financial statements. The Company has developed a systematic methodology for determining the allowance for credit losses for its two portfolio segments, retail and wholesale. The retail segment consists of retail loans and finance leases, net of unearned interest. The wholesale segment consists of truck inventory financing loans to dealers that are collateralized by trucks and other collateral. The wholesale segment generally has less risk than the retail segment. Wholesale receivables generally are shorter in duration than retail receivables, and the Company requires periodic reporting of the wholesale dealer’s financial condition, conducts periodic audits of the trucks being financed and in many cases obtains guarantees or other security such as dealership assets. In determining the allowance for credit losses, retail loans and finance leases are evaluated together since they relate to a similar customer base, their contractual terms require regular payment of principal and interest, generally over three to five years, and they are secured by the same type of collateral. The allowance for credit losses consists of both specific and general reserves.

The Company individually evaluates certain finance receivables for impairment. Finance receivables that are evaluated individually for impairment consist of all wholesale accounts and certain large retail accounts with past due balances or otherwise determined to be at a higher risk of loss. A finance receivable is impaired if it is considered probable the Company will be unable to collect all contractual interest and principal payments as scheduled. In addition, all retail loans and leases which have been classified as TDRs and all customer accounts over 90 days past due are considered impaired. Generally, impaired accounts are on non-accrual status. Impaired accounts classified as TDRs which have been performing for 90 consecutive days are placed on accrual status if it is deemed probable that the Company will collect all principal and interest payments.

Impaired receivables are generally considered collateral dependent. Large balance retail and all wholesale impaired receivables are individually evaluated to determine the appropriate reserve for losses. The determination of reserves for large balance impaired receivables considers the fair value of the associated collateral. When the underlying collateral fair value exceeds the Company’s amortized cost basis, no reserve is recorded. Small balance impaired receivables with similar risk characteristics are evaluated as a separate pool to determine the appropriate reserve for losses using the historical loss and economic forecasts information discussed below.

The Company evaluates finance receivables that are not individually impaired and share similar risk characteristics on a collective basis and determines the general allowance for credit losses for both retail and wholesale receivables based on historical loss information, using past due account data, current market conditions, and expected changes in future macroeconomic conditions that affect collectability. Historical credit loss information provides relevant information of expected credit losses. The historical information used includes assumptions regarding the likelihood of collecting current and past due accounts, repossession rates, and the recovery rate on the underlying collateral based on used truck values and other pledged collateral or recourse.

The Company has developed a range of loss estimates for each of its country portfolios based on historical experience, taking into account loss frequency and severity in both strong and weak truck market conditions. A projection is made of the range of estimated credit losses inherent in the portfolio from which an amount is determined based on current market conditions and other factors impacting the creditworthiness of the Company's borrowers and their ability to repay. Adjustments to historical loss information are made for changes in forecasted economic conditions that are specific to the industry and markets in which the Company conducts business. The Company utilizes economic forecasts from third party sources and determines expected losses based on historical experience under similar market conditions. After determining the appropriate level of the allowance for credit losses, a provision for losses on finance receivables is charged to income as necessary to reflect management's estimate of expected credit losses, net of recoveries, inherent in the portfolio.

The adequacy of the allowance is evaluated quarterly based on the most recent past due account information and current and future market conditions. As accounts become past due, the likelihood that they will not be fully collected increases. The Company's experience indicates the probability of not fully collecting past due accounts ranges between 30% and 70%. Over the past two years, the Company's year-end 30+ days past due accounts have ranged between .5% and .7% of loan and lease receivables. Historically, a 100 basis point increase in the 30+ days past due percentage has resulted in an increase in credit losses of 2 to 37 basis points of receivables. At December 31, 2020, 30+ days past dues were .5%. If past dues were 100 basis points higher or 1.5% as of December 31, 2020, the Company's estimate of credit losses would likely have increased by a range of $2 to $36 million depending on the extent of the past dues, the estimated value of the collateral as compared to amounts owed and general economic factors.

Product Warranty

Product warranty is disclosed in Note I of the consolidated financial statements. The expenses related to product warranty are estimated and recorded at the time products are sold based on historical and current data and reasonable expectations for the future regarding the frequency and cost of warranty claims, net of recoveries. Management takes actions to minimize warranty costs through quality-improvement programs; however, actual claim costs incurred could materially differ from the estimated amounts and require adjustments to the reserve. Historically those adjustments have not been material. Over the past two years, warranty expense as a percentage of Truck, Parts and Other net sales and revenues has ranged between 1.7% and 2.2%. If the 2020 warranty expense had been .2% higher as a percentage of net sales and revenues in 2020, warranty expense would have increased by approximately $34 million.

FORWARD-LOOKING STATEMENTS:

This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements relating to future results of operations or financial position and any other statement that does not relate to any historical or current fact. Such statements are based on currently available operating, financial and other information and are subject to risks and uncertainties that may affect actual results. Risks and uncertainties include, but are not limited to: a significant decline in industry sales; competitive pressures; reduced market share; reduced availability of or higher prices for fuel; increased safety, emissions, or other regulations or tariffs resulting in higher costs and/or sales restrictions; currency or commodity price fluctuations; lower used truck prices; insufficient or under-utilization of manufacturing capacity; supplier interruptions; insufficient liquidity in the capital markets; fluctuations in interest rates; changes in the levels of the Financial Services segment new business volume due to unit fluctuations in new PACCAR truck sales or reduced market shares; changes affecting the profitability of truck owners and operators; price changes impacting truck sales prices and residual values; insufficient supplier capacity or access to raw materials; labor disruptions; shortages of commercial truck drivers; increased warranty costs; pandemics; litigation, including EC settlement-related claims; or legislative and governmental regulations. A more detailed description of these and other risks is included under the heading Part I, Item 1A, "Risk Factors" and in Note L in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Currencies are presented in millions for the market risks and derivative instruments sections below.

Interest-Rate Risks - *See Note P for a description of the Company's hedging programs and exposure to interest rate fluctuations.* The Company measures its interest-rate risk by estimating the amount by which the fair value of interest-rate sensitive assets and liabilities, including derivative financial instruments, would change assuming an immediate 100 basis point increase across the yield curve as shown in the following table:

Fair Value (Losses) Gains		2020		2019
CONSOLIDATED:				
Assets				
Cash equivalents and marketable debt securities	**$**	**(26.9)**	$	(19.5)
FINANCIAL SERVICES:				
Assets				
Fixed rate loans		**(105.7)**		(94.4)
Liabilities				
Fixed rate term debt		**124.3**		113.3
Interest-rate swaps		**14.2**		13.9
Total	**$**	**5.9**	$	13.3

Currency Risks - The Company enters into foreign currency exchange contracts to hedge its exposure to exchange rate fluctuations of foreign currencies, particularly the Canadian dollar, the euro, the British pound, the Australian dollar, the Brazilian real and the Mexican peso *(see Note P for additional information concerning these hedges)*. Based on the Company's sensitivity analysis, the potential loss in fair value for such financial instruments from a 10% unfavorable change in quoted foreign currency exchange rates would be a loss of $155.2 related to contracts outstanding at December 31, 2020, compared to a loss of $128.0 at December 31, 2019. These amounts would be largely offset by changes in the values of the underlying hedged exposures.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

CONSOLIDATED STATEMENTS OF INCOME

Year Ended December 31,	**2020**	2019	2018
	(millions, except per share data)		
TRUCK, PARTS AND OTHER:			
Net sales and revenues	**$ 17,154.3**	$ 24,119.7	$ 22,138.6
Cost of sales and revenues	**15,076.4**	20,555.6	18,925.0
Research and development	**273.9**	326.6	306.1
Selling, general and administrative	**459.2**	561.5	524.9
Interest and other (income), net	**(54.1)**	(42.0)	(60.8)
	15,755.4	21,401.7	19,695.2
Truck, Parts and Other Income Before Income Taxes	**1,398.9**	2,718.0	2,443.4
FINANCIAL SERVICES:			
Interest and fees	**527.4**	583.0	497.7
Operating lease, rental and other revenues	**1,046.8**	897.0	859.4
Revenues	**1,574.2**	1,480.0	1,357.1
Interest and other borrowing expenses	**192.1**	230.5	186.9
Depreciation and other expenses	**1,008.0**	798.2	728.0
Selling, general and administrative	**122.2**	137.0	119.8
Provision for losses on receivables	**28.8**	15.4	16.5
	1,351.1	1,181.1	1,051.2
Financial Services Income Before Income Taxes	**223.1**	298.9	305.9
Investment income	**35.9**	82.3	60.9
Total Income Before Income Taxes	**1,657.9**	3,099.2	2,810.2
Income taxes	**359.5**	711.3	615.1
Net Income	**$ 1,298.4**	$ 2,387.9	$ 2,195.1
Net Income Per Share			
Basic	**$ 3.74**	$ 6.88	$ 6.25
Diluted	**$ 3.74**	$ 6.87	$ 6.24
Weighted Average Number of Common Shares Outstanding			
Basic	**346.8**	346.9	351.0
Diluted	**347.4**	347.5	351.8

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year Ended December 31,	**2020**	2019	2018
		(millions)	
Net income	**$ 1,298.4**	$ 2,387.9	$ 2,195.1
Other comprehensive income:			
Unrealized (losses) gains on derivative contracts			
Net (loss) gain arising during the period	**(105.3)**	(76.1)	121.6
Tax effect	**26.9**	19.1	(30.7)
Reclassification adjustment	**87.6**	51.7	(121.5)
Tax effect	**(23.1)**	(12.0)	31.0
	(13.9)	(17.3)	.4
Unrealized gains on marketable debt securities			
Net holding gain	**13.6**	11.6	.2
Tax effect	**(3.3)**	(2.9)	(.1)
Reclassification adjustment	**(2.4)**	(.4)	(.2)
Tax effect	**.6**	.1	.1
	8.5	8.4	
Pension plans			
Net loss arising during the period	**(132.4)**	(74.8)	(114.0)
Tax effect	**28.4**	18.0	27.2
Reclassification adjustment	**57.3**	21.9	36.7
Tax effect	**(13.7)**	(5.0)	(8.7)
	(60.4)	(39.9)	(58.8)
Foreign currency translation gain (loss)	**115.6**	47.2	(213.3)
Net other comprehensive income (loss)	**49.8**	(1.6)	(271.7)
Comprehensive Income	**$ 1,348.2**	$ 2,386.3	$ 1,923.4

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

December 31,		**2020**		2019
		(millions)		
ASSETS				
TRUCK, PARTS AND OTHER:				
Current Assets				
Cash and cash equivalents	**$**	**3,405.0**	$	4,007.3
Trade and other receivables, net (allowance for losses: 2020 - $.6, 2019 - $.6)		**1,197.5**		1,306.1
Marketable debt securities (amortized cost: 2020 - $1,409.7, 2019 - $1,154.0; allowance for credit losses: none)		**1,429.0**		1,162.1
Inventories, net		**1,221.9**		1,153.2
Other current assets		**515.6**		388.0
Total Truck, Parts and Other Current Assets		**7,769.0**		8,016.7
Equipment on operating leases, net		**421.9**		545.5
Property, plant and equipment, net		**3,270.4**		2,883.8
Other noncurrent assets, net		**998.9**		843.7
Total Truck, Parts and Other Assets		**12,460.2**		12,289.7
FINANCIAL SERVICES:				
Cash and cash equivalents		**134.6**		167.8
Finance and other receivables, net (allowance for losses: 2020 - $127.0, 2019 - $112.4)		**11,820.7**		12,086.0
Equipment on operating leases, net		**3,162.8**		3,102.6
Other assets		**681.7**		715.0
Total Financial Services Assets		**15,799.8**		16,071.4
	$	**28,260.0**	$	28,361.1

CONSOLIDATED BALANCE SHEETS

December 31,		**2020**		2019
		(millions)		
LIABILITIES AND STOCKHOLDERS' EQUITY				
TRUCK, PARTS AND OTHER:				
Current Liabilities				
Accounts payable, accrued expenses and other	**$**	**3,413.9**	$	3,194.2
Dividend payable		**242.6**		796.5
Total Truck, Parts and Other Current Liabilities		**3,656.5**		3,990.7
Residual value guarantees and deferred revenues		**457.4**		587.3
Other liabilities		**1,487.2**		1,435.1
Total Truck, Parts and Other Liabilities		**5,601.1**		6,013.1
FINANCIAL SERVICES:				
Accounts payable, accrued expenses and other		**561.0**		629.0
Commercial paper and bank loans		**3,344.4**		4,110.2
Term notes		**7,508.9**		7,112.5
Deferred taxes and other liabilities		**854.6**		790.2
Total Financial Services Liabilities		**12,268.9**		12,641.9
STOCKHOLDERS' EQUITY:				
Preferred stock, no par value - authorized 1.0 million shares, none issued				
Common stock, $1 par value - authorized 1.2 billion shares; issued 346.6 million and 346.3 million shares		**346.6**		346.3
Additional paid-in capital		**88.5**		61.4
Retained earnings		**11,005.2**		10,398.5
Accumulated other comprehensive loss		**(1,050.3)**		(1,100.1)
Total Stockholders' Equity		**10,390.0**		9,706.1
	$	**28,260.0**	$	28,361.1

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31,	**2020**	2019	2018
		(millions)	
		(520.2)	(512.3)
	(133.8)	(365.4)	(187.0)
	(53.6)	(27.6)	
	2,987.2	2,860.3	2,992.3
	(842.4)	(850.6)	(615.9)
	(550.4)	(574.0)	(457.6)
Proceeds from asset disposals	**601.9**	638.1	653.7
Net Cash Used in Investing Activities	**(1,875.8)**	(2,207.4)	(1,930.7)
FINANCING ACTIVITIES:			
Payments of cash dividends	**(1,239.8)**	(1,138.6)	(804.3)
Purchases of treasury stock	**(42.1)**	(110.2)	(354.4)
Proceeds from stock compensation transactions	**53.7**	60.8	19.3
Net (decrease) increase in commercial paper, short-term bank loans and other	**(831.9)**	557.1	625.9
Proceeds from term debt	**2,150.1**	2,504.3	2,339.9
Payments on term debt	**(1,898.5)**	(1,790.0)	(1,755.3)
Net Cash (Used in) Provided by Financing Activities	**(1,808.5)**	83.4	71.1
Effect of exchange rate changes on cash	**61.6**	2.9	(61.5)
Net (Decrease) Increase in Cash and Cash Equivalents	**(635.5)**	739.2	1,071.2
Cash and cash equivalents at beginning of year	**4,175.1**	3,435.9	2,364.7
Cash and cash equivalents at end of year	**$ 3,539.6**	$ 4,175.1	$ 3,435.9

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

December 31,	**2020**	2019	2018
	(millions, except per share data)		
COMMON STOCK, $1 PAR VALUE:			
Balance at beginning of year	**$ 346.3**	$ 346.6	$ 351.8
Treasury stock retirement	**(.7)**	(1.7)	(5.8)
Stock compensation	**1.0**	1.4	.6
Balance at end of year	**346.6**	346.3	346.6
ADDITIONAL PAID-IN CAPITAL:			
Balance at beginning of year	**61.4**	69.4	123.2
Treasury stock retirement	**(41.4)**	(85.7)	(88.3)
Stock compensation and tax benefit	**68.5**	77.7	34.5
Balance at end of year	**88.5**	61.4	69.4
TREASURY STOCK, AT COST:			
Balance at beginning of year			
Purchases, shares: 2020 - .71; 2019 - 1.68; 2018 - 5.85	**(42.1)**	(110.2)	(354.4)
Retirements	**42.1**	110.2	354.4
Balance at end of year			
RETAINED EARNINGS:			
Balance at beginning of year	**10,398.5**	9,275.4	8,369.1
Net income	**1,298.4**	2,387.9	2,195.1
Cash dividends declared on common stock, per share: 2020 - $1.98; 2019 - $3.58; 2018 - $3.09	**(687.1)**	(1,242.0)	(1,078.8)
Treasury stock retirement		(22.8)	(260.3)
Cumulative effect of change in accounting principles	**(4.6)**		50.3
Balance at end of year	**11,005.2**	10,398.5	9,275.4
ACCUMULATED OTHER COMPREHENSIVE LOSS:			
Balance at beginning of year	**(1,100.1)**	(1,098.5)	(793.6)
Other comprehensive income (loss)	**49.8**	(1.6)	(271.7)
Reclassifications to retained earnings in accordance with ASU 2018-02			(33.2)
Balance at end of year	**(1,050.3)**	(1,100.1)	(1,098.5)
Total Stockholders' Equity	**$ 10,390.0**	$ 9,706.1	$ 8,592.9

See notes to consolidated financial statements.

December 31, 2020, 2019 and 2018 (currencies in millions)

A. SIGNIFICANT ACCOUNTING POLICIES

Description of Operations: PACCAR Inc (the Company or PACCAR) is a multinational company operating in three principal segments: (1) the Truck segment includes the design and manufacture of high-quality, light-, medium- and heavy-duty commercial trucks; (2) the Parts segment includes the distribution of aftermarket parts for trucks and related commercial vehicles; and (3) the Financial Services segment (PFS) includes finance and leasing products and services provided to customers and dealers. PACCAR's finance and leasing activities are principally related to PACCAR products and associated equipment. PACCAR's sales and revenues are derived primarily from North America and Europe. The Company also operates in Australia and Brasil and sells trucks and parts to customers in Asia, Africa, the Middle East and South America.

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its wholly owned domestic and foreign subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition:

Truck, Parts and Other: The Company enters into sales contracts with customers associated with purchases of the Company's products and services including trucks, parts, product support, and other related services. Generally, the Company recognizes revenue for the amount of consideration it will receive for delivering a product or service to a customer. Revenue is recognized when the customer obtains control of the product or receives benefits of the service. The Company excludes sales taxes, value added taxes and other related taxes assessed by government agencies from revenue. There are no significant financing components included in product or services revenue since generally customers pay shortly after the products or services are transferred. In the Truck and Parts segment, when the Company grants extended payment terms on selected receivables and charges interest, interest income is recognized when earned.

The Company recognizes truck and parts sales as revenue when control of the products is transferred to customers which generally occurs upon shipment, except for certain truck sales which are subject to a residual value guarantee (RVG) by the Company. The standard payment term for trucks and aftermarket parts is typically within 30 days, but the Company may grant extended payment terms on selected receivables. The Company recognizes revenue for the invoice amount adjusted for estimated sales incentives and returns. Sales incentives and returns are estimated based on historical experience and are adjusted to current period revenue when the most likely amount of consideration the Company expects to receive changes or becomes fixed. Truck and part sales include a standard product warranty which is included in cost of sales. The Company has elected to treat delivery services as a fulfillment activity with revenues recognized when the customer obtains control of the product. Delivery revenue is included in revenues and the related costs are included in cost of sales. As a practical expedient, the Company is not disclosing truck order backlog, as a significant majority of the backlog has a duration of less than one year.

Truck sales with RVGs that allow customers the option to return their truck are accounted for as a sale when the customer does not have an economic incentive to return the truck to the Company, or as an operating lease when the customer does have an economic incentive to return the truck. The estimate of customers' economic incentive to return the trucks is based on an analysis of historical guaranteed buyback value and estimated market value. When truck sales with RVGs are accounted for as a sale, revenue is recognized when the truck is transferred to the customer less an amount for expected returns. Expected return rates are estimated by using a historical weighted average return rate over a seven-year period. The estimated value of the truck assets to be returned and the related return liabilities at December 31, 2020 were $627.9 and $664.1, respectively, compared to $473.0 and $503.4 at December 31, 2019, respectively. The Company's total commitment to acquire trucks at a guaranteed value for contracts accounted for as a sale was $1,184.7 at December 31, 2020.

Revenues from extended warranties, operating leases and other include optional extended warranty and repair and maintenance (R&M) service contracts which can be purchased for periods generally ranging up to five years. The Company defers revenue based on stand-alone observable selling prices when it receives payments in advance and generally recognizes the revenue on a straight-line basis over the warranty or R&M contract periods. See Note I, Product Support Liabilities, in the Notes to the Consolidated Financial Statements for further information. Also included are truck sales with an RVG accounted for as an operating lease. A liability is created for the residual value obligation with the remainder of the proceeds recorded as deferred revenue. The deferred revenue is recognized on a straight-line basis over the guarantee period, which typically ranges from three to five years. Total operating lease income from truck sales with RVGs for the years ended December 31, 2020, 2019 and 2018 was $104.2, $159.7 and $152.6, respectively.

Exhibit Number		Exhibit Description	Form	Date of First Filing	Exhibit Number	File Number
	(o)	Second Amendment to Memorandum of Understanding dated as of September 26, 2013, by and among PACCAR Engine Company, the Mississippi Development Authority and the Mississippi Major Economic Impact Authority	10-Q	November 7, 2013	10(u)	001-14817
	(p)	Third Amendment to Memorandum of Understanding dated as of November 12, 2019, by and among PACCAR Engine Company, the Mississippi Development Authority and the Mississippi Major Economic Impact Authority	10-K	February 19, 2020	10(r)	001-14817
	(q)	Second Amended and Restated PACCAR Inc Restricted Stock and Deferred Compensation Plan for Non-Employee Directors, Form of Amended Deferred Restricted Stock Unit Grant Agreement	10-K	February 26, 2015	10(t)	001-14817
	(r)	Second Amended and Restated PACCAR Inc Restricted Stock and Deferred Compensation Plan for Non-Employee Directors, Form of Amended Restricted Stock Grant Agreement	10-K	February 26, 2015	10(u)	001-14817
(21)		Subsidiaries of the registrant*				
(23)		Consent of the independent registered public accounting firm*				
(24)		Power of attorney – Powers of attorney of certain directors*				
(31)		Rule 13a-14(a)/15d-14(a) Certifications:				
	(a)	Certification of Principal Executive Officer*				
	(b)	Certification of Principal Financial Officer*				
(32)		Section 1350 Certifications:				
		Certification pursuant to rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. section 1350)*				
(101.INS)		Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.*				
(101.SCH)		Inline XBRL Taxonomy Extension Schema Document*				
(101.CAL)		Inline XBRL Taxonomy Extension Calculation Linkbase Document*				
(101.DEF)		Inline XBRL Taxonomy Extension Definition Linkbase Document*				
(101.LAB)		Inline XBRL Taxonomy Extension Label Linkbase Document*				
(101.PRE)		Inline XBRL Taxonomy Extension Presentation Linkbase Document*				
(104)		Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)*				

* filed herewith

(b) Exhibits (Exhibits filed with the Securities and Exchange Commission are not included herein. Copies of exhibits will be furnished to stockholders at a cost of 25¢ per page upon written request addressed to Corporate Secretary, PACCAR Inc, P.O. Box 1518, Bellevue, Washington 98009).

(c) Financial Statement Schedules – All schedules are omitted because the required matter or conditions are not present or because the information required by the schedules is submitted as part of the consolidated financial statements and notes thereto.