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Daimler AG: Daimler Trucks North America plans decisive response to changed economic environment

Daimler AG / Strategic Company Decision

Release of an Ad hoc announcement according to § 15 WpHG, transmitted by DGAP - a company of EquityStory AG.

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- Focus on a two brand strategy: discontinuation of Sterling Trucks brand
- Consolidation of manufacturing plant network
- Expected annual earnings improvements of \$900 million by 2011
- Estimated program costs of \$600 million

Stuttgart/Portland – Daimler Trucks North America (DTNA) today announced a comprehensive plan to adjust and strengthen company operations in response to continuing depressed demand across the industry and structural changes in the company's core markets.

'It is a principle of our 'Global Excellence' strategy to strive for benchmark profitability and to address structural market changes in a timely and consequent way', said Andreas Renschler, Member of the Board of Management of the Daimler AG, responsible for Daimler Trucks; 'We are confident that this forward-looking strategy for DTNA is the right measure to address the challenges in the North American market.'

The measures to be implemented address three key areas of DTNA's operations:

Focus on a two brand strategy: discontinuation of the Sterling Trucks product line

The Sterling Trucks brand will be discontinued effective in March 2009. Additions to the Freightliner and Western Star product ranges will be made to address market segments that have been served exclusively by Sterling offerings in the DTNA stable.

By concentrating the company's considerable technical and marketing resources on a more focused model line-up, DTNA expects to drive an even more attractive program of innovation in safety, environmental impact, and user productivity that will further strengthen the leadership position of Daimler Trucks in the North American commercial vehicle market.

Consolidation of manufacturing plant network and alignment of network capacity with market demand

As a result of the decision to discontinue the Sterling brand, the St. Thomas, Ontario, plant will cease truck manufacturing operations in March 2009, concurrent with the expiration of the existing agreement with the Canadian Auto Workers members employed there. The plant currently manufactures Sterling medium and heavy-duty trucks.

DTNA will also close the Portland, Oregon, Truck Manufacturing plant, in June 2010, when current labor contracts expire. Western Star commercial production will be assigned to the company's Santiago, Mexico plant, while production of Freightliner-branded military vehicles will take place at one of the company's facilities in the Carolinas by mid-year 2010.

Start of production at DTNA's new Saltillo, Mexico manufacturing plant will occur as planned in February 2009. The plant will produce Freightliner's

new flagship Cascadia model.

Expected annual earnings improvements of \$900 million by 2011, with estimated program costs of \$600 million

As a result of the measures cited above, DTNA expects to achieve annual earnings improvements of \$900 million by 2011. The EBIT effects amount to \$600 million in total: approx. \$350 million against the fourth quarter of 2008 (including approx. \$300 million, which are primarily related to employee and dealer separation), \$150 million in 2009 as well as expenses of \$100 million in 2010 and 2011 in total.

An estimated 2300 workers in the St. Thomas and Portland plants will be affected by mid-2010, on timelines related to the plant closures noted above. This figure includes 720 workers at the St. Thomas plant to be laid off in November 2008 as already announced in July.

The company also plans to reduce its salaried workforce by approximately 1200 positions, with over half directly related to the Sterling brand. A voluntary separation program will be available as well as other measures to offer flexibility and choice to affected employees.

Further information from Daimler is available on the internet at:
www.media.daimler.com