

July 29, 2021

U.S. DTNA Dealer Principals, General Managers, & Sales Managers,

Subject: Continued Part Shortages

Dear Valued Dealer Partners,

We hope this letter finds you and your employees well. We last communicated specific details of part shortages in a similar letter in early June. We explained a TCM shortage on DT12 transmissions on vehicles produced in Saltillo. We are currently in the midst of this TCM shortage at Saltillo and we are executing our recovery effort as planned, with some delays due to short shipments.

Our industry continues to experience supply chain challenges related to compromised semiconductor availability due to the pandemic. New issues are emerging on other supplied components as suppliers struggle to find qualified laborers to fulfill ever-increasing demand. As a result, the latest major shortage to affect DTNA's production system is control module shortages on engines and transmissions.

- Chip shortages have led to control module shortages on many medium duty engines and transmissions, and less of an impact to heavy duty builds. Trucks will be built short of supplier supplied electronic control modules (MCMs (engines) and ACMs (transmissions)), and then factory released and placed on hold. Therefore, you will see a factory released date in tracking systems yet vehicles will not be invoiced or provided to transporter until modules are available.
- Many M2 models with chassis start dates from mid July through the end of July may be impacted. Not all units will be impacted, but total units affected could grow as high as 2,000 trucks.
- It is forecasted that less than 250 Cascadia builds could be impacted by these MCM and ACM issues. However, other supply shortages have already impacted Cascadia and 49X deliveries, and it is possible more issues will develop in coming weeks.
- Units without MCMs and ACMs will be built and put on a preemptive sales hold until control modules are available. DTNA will not prioritize customer or stock trucks for completion. All vehicles placed in off-line due to the shortages will be completed and released to the transporter on a FIFO basis.
- Supplier recovery for these control module shortages will start in early August. Full recovery is still not known, but it is possible that we will not have parts for all units

placed on hold until late September.

- To supplement our limited supply of transmission ACMs, and to minimize delivery delays, some vehicles with DT12 transmissions will be fitted with remanufactured ACMs. Remanufactured ACMs are assembled & tested to “new” tolerances and will be covered by the standard transmission warranty. A sticker on the inside driver door will be used to identify units with remanufactured ACMs.

The supply situation is certainly dynamic and changes by the hour. Other issues are looming from other supply streams beyond these electronic part shortages. All of these issues certainly cause unwanted delays in vehicle delivery. Please know that we are fighting to build and deliver every truck possible with high quality, as quickly as possible.

Once again, we are sharing our plan, as we know it, transparently today. Our plans change day to day in these challenging times. As always, we will work to improve the impacts listed above, as we jointly value delivering the best possible outcomes for our Customers.

If you have any questions, please contact your DTNA District Sales Manager or Regional General Manager.

Thank you,

Scott Kuebler
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On-Highway Sales

Peter Arrigoni
Vice President
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