

M2 and SD Scheduling Production Update 3/16/2021



Attachments:

[Customer Letter](#)

[M2 Scheduling Production US Dealer Letter](#)

[M2 and SD Scheduling FAQ](#)

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

Through a relentless focus on serving our customers, we have continually adapted to overcome the earliest effects of the COVID-19 pandemic to ensure our ability to deliver trucks and parts for those who keep the world moving. However, just a little over one year after the first effects of the pandemic began to impact global semiconductor supply chains, the prolonged duration of these shortages have now reached our own supply chain en masse.

Manufacturing Operations Update

DTNA is implementing revolving production downtime of our Freightliner M2 and SD medium-duty truck manufacturing at our Mount Holly and Santiago locations.

Rolling production downtime at both plants will start the week of Monday, March 22nd and is currently expected to extend through the end of June. Santiago production of the Freightliner New Cascadia and Coronado SD will continue as scheduled during this time. We are very much aware of the short-term impacts of this necessary business decision, and are working to mitigate the effects on our dealers and mutual customers.

Component and truck manufacturing at all other locations, including that of heavy-duty vocational and on-highway trucks at our Portland, Cleveland, and Saltillo Truck Manufacturing Plants and components manufacturing in Gastonia and Redford remains unaffected at this time. All operations at these locations will continue as currently planned.

M2/SD Availability Update

Concession and program orders currently in the backlog will undergo an across-the-board schedule roll, starting with the March 22nd production week. Most orders in the backlog will experience a 3.5 month production delay from current chassis start dates. Generally speaking, DTNA will not reprioritize customers in the schedule and/or deprioritize stock orders. At this time we cannot guarantee that all orders in the backlog, especially those rolled into late-Q4, will be built in CY21.

Due to the significant shift in the backlog, effective immediately DTNA will no longer accept new M2 or SD orders for CY21 production. Orders submitted will not be scheduled and dealers will be required to cancel them from the system. Per current scheduling and order management policies, orders in the backlog cannot be name changed or swapped. Concession orders are NOT eligible for roll-overs; program trucks can receive a Stock Truck Concession up to 10 units max per customer, per calendar year.

Current Cascadia and Western Star backlogs and scheduling practices remain unchanged.

M2 & SD Order Cancellation Period

DTNA recognizes the significant impact our production shutdown and subsequent delivery delays will have on dealers and customers. To that end, we will offer no-charge cancellations on all M2 & SD orders in the backlog, including trucks that would otherwise be assessed a \$2,500/unit penalty under our current sales policy. This N/C cancellation period will be in effect for approximately 1.5 months; from Tuesday, March 16th through Friday, April 30th.

Though the pandemic has affected everything from labor & raw material availability to drive component shortages, DTNA is committed to remain in close contact with all of our customers, dealers and suppliers to navigate constraints, provide transparency and work to alleviate the effect on vehicle production and customer deliveries.

Our commitment to you and your business remains steadfast. The effects of this revolving production downtime will be temporary and we will make all attempts to regain the production lost during this time yet this year, provided the supply of semiconductors needed for our vehicle production returns to normal levels in the near future.

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

Thank you,

Richard Howard
Senior Vice President
On-Highway Sales & Marketing

Jeff Allen
Senior Vice President
Operations & Specialty Vehicles

David Carson
Senior Vice President
Vocational Sales & Marketing

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Daimler Trucks North America

