



A DaimlerChrysler Company

Analyst Meetings MATS 2007

Chris Patterson, President & CEO Freightliner LLC  
Louisville, March 2007

# AGENDA

 **Overview**

 **Status of Business**

 **Outlook**

# OUR BRANDS ARE THE LEADERS IN THE NORTH AMERICAN COMMERCIAL VEHICLE INDUSTRY

## COMMERCIAL VEHICLE BRANDS



## STRATEGIC PARTNERS

DaimlerChrysler Truck Financial



# WE ARE THE LARGEST HDT MANUFACTURER IN NORTH AMERICA AND A LEADING PRODUCER OF MDT AND SPECIALIZED CV

Century S/T



FREIGHTLINER  
Run Smart™

L-Line



STERLING  
TRUCKS

4900 EX Logging



WESTERN STAR

**Largest heavy-duty (class 8) truck manufacturer in North America**

Business Class M2



FREIGHTLINER  
Run Smart™

Aeterra



STERLING  
TRUCKS

**Second largest medium-duty (class 5-7) truck manufacturer in North America**

C2



Thomas  
BUILT BUSES

**Leading school bus manufacturer in North America**

FREIGHTLINER  
Custom Chassis™



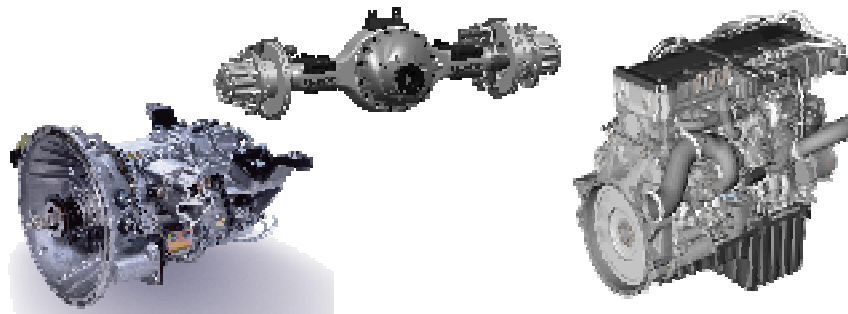
**Leading chassis producer for diesel walk-in-vans and diesel motor home chassis**

# TRUCK GROUP WITH A GLOBAL SETUP OF BRANDS, VEHICLES AND COMPONENTS

## Trucks



## Components



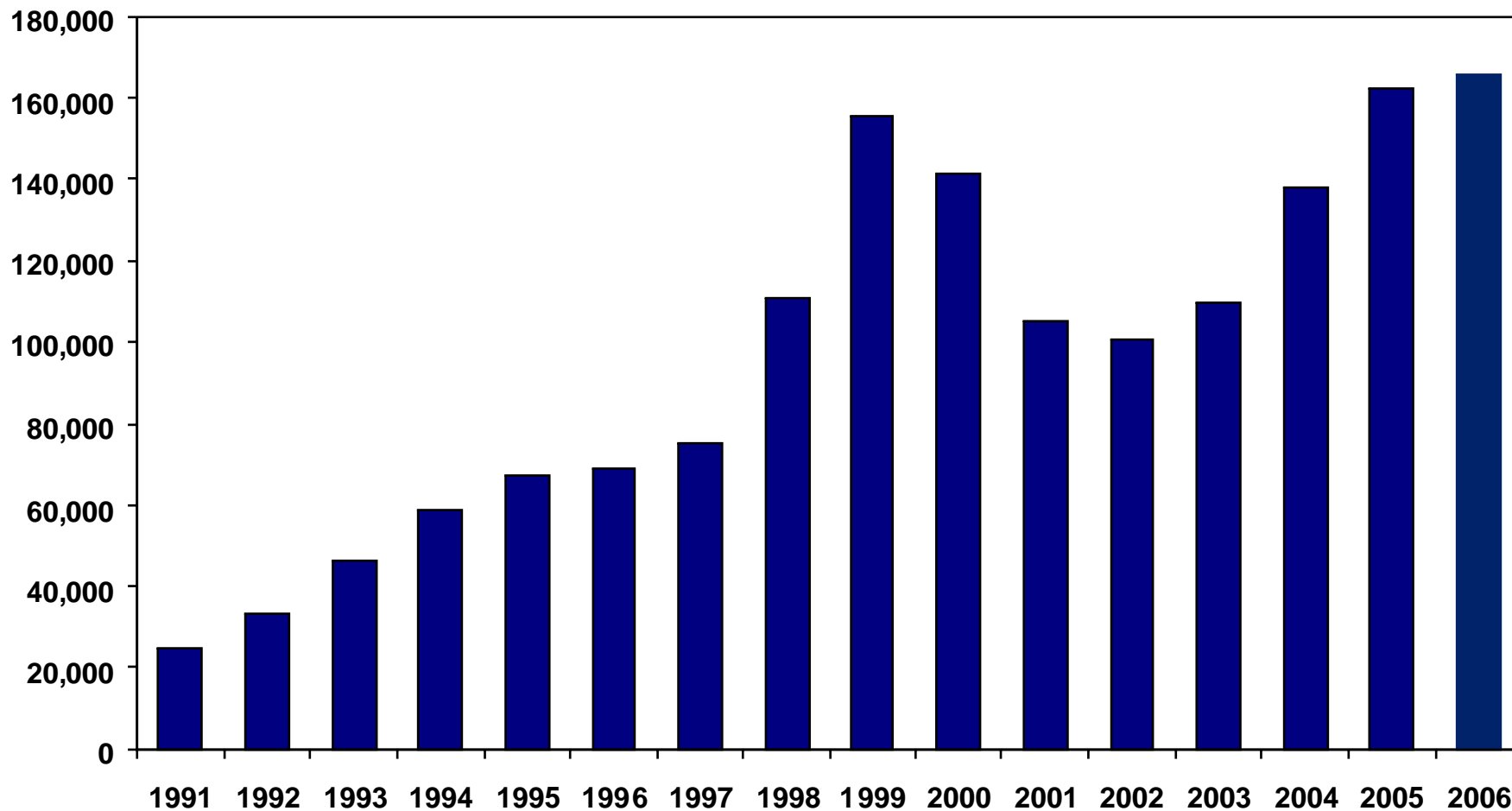
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## NAFTA CLASS 6 - 8 UNIT SALES: FREIGHTLINER HAS SET COMPANY RECORDS FOR SALES IN 2006



## FACTORY SALES UP 3 % REVENUES UP 7 %

	2005	2006	△
Unit sales (w/o Sprinter)	182,369	187,406	+5,037
<i>Sprinter Sales</i>	<i>20,200</i>	<i>20,869</i>	<i>+669</i>

**+ 3%**

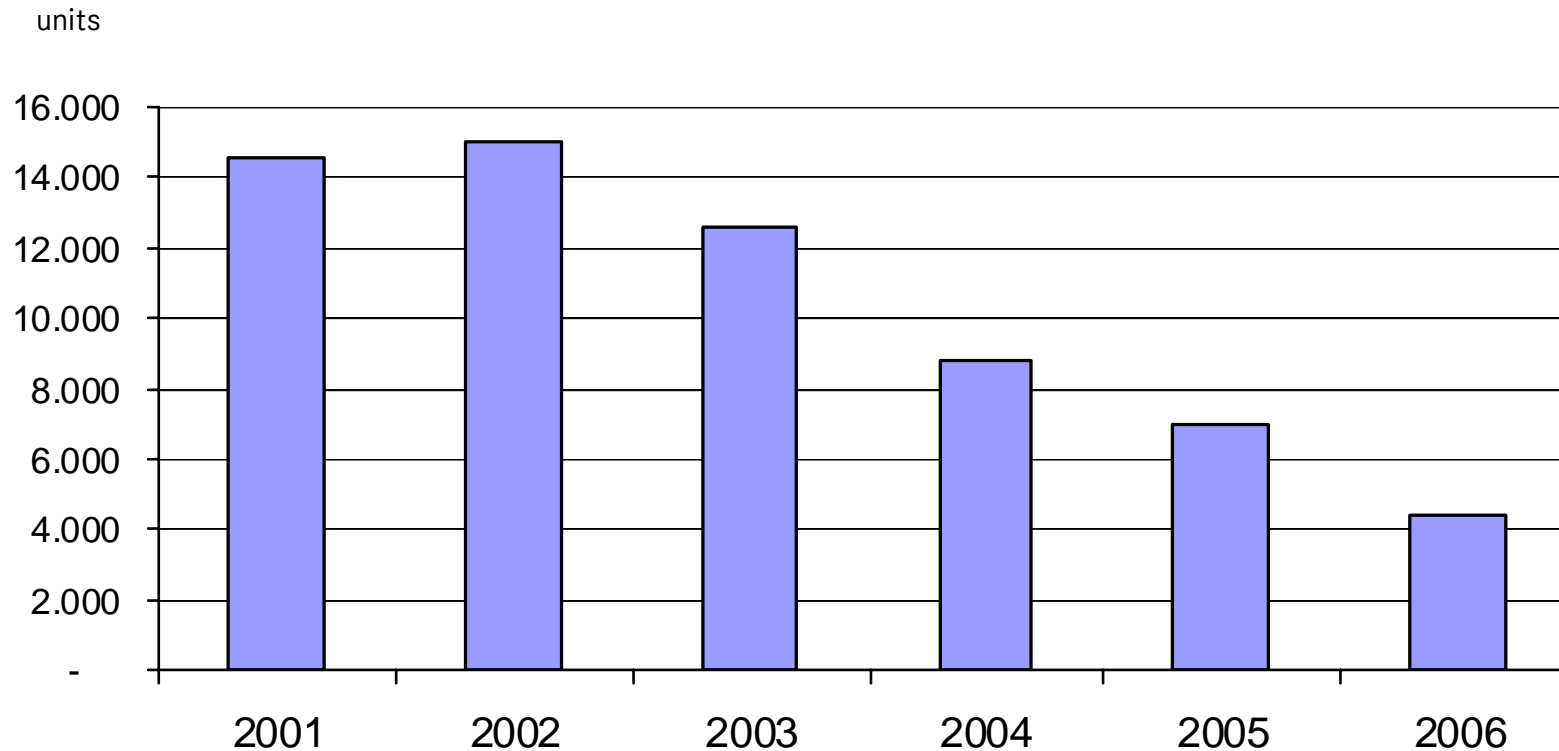


**MARKET SHARE CLASS 8 DOWN 2.9pp**  
**CLASS 6/7 DOWN 3.0pp**

	2005	2006	Δ
Market Size Class 8	310	351	+41
Market Share Class 8	36.1%	33.2%	<b>-2.9pp</b>
Market Size Class 6/7	166	180	+14
Market Share Class 6/7	30.3%	27.3%	<b>-3.0pp</b>
Market Size Class 5	52	55	+3
Market Share Class 5	1.4%	1.9%	<b>+0.5pp</b>

Notes: Market size in '000 units

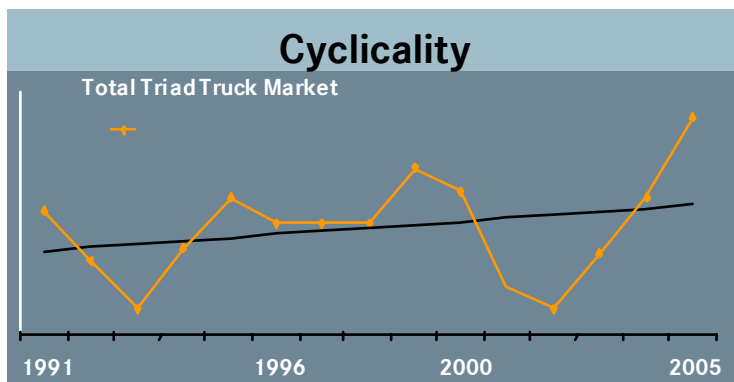
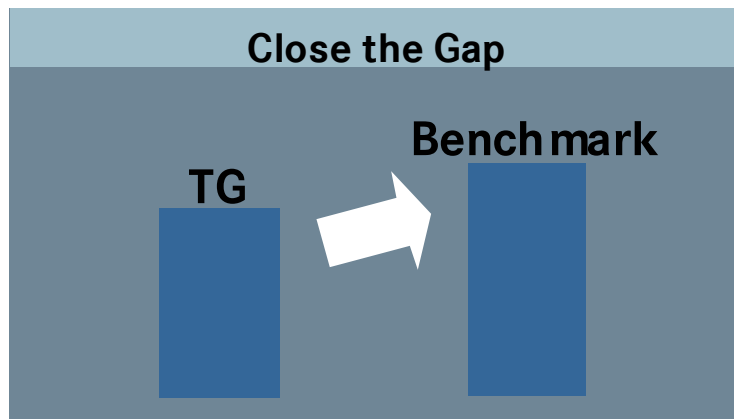
## FREIGHTLINER HAS REDUCED USED TRUCK INVENTORY SIGNIFICANTLY OVER THE LAST 5 YEARS



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# 2007 GLOBAL EXCELLENCE ACTIVITIES WILL FOCUS ON BUSINESS CYCLE MANAGEMENT TO REDUCE RISK AND IMPROVE PROFIT PERFORMANCE



## Global Excellence

Management of Cycle

Operational Excellence

Growth and market exploitation

Future product generations

## PROACTIVE CYCLE MANAGEMENT AT FREIGHTLINER INCLUDES PRODUCTION FOOTPRINT STRATEGY AND CONTINUOUS OVERHEAD OPTIMIZATION

### Global Excellence

Management of Cycles

Operational Excellence

Growth and market exploitation

Future product generations

- Product range simplification
  - Freightliner Cargo, FLD, Argosy, FS 65
- Manufacturing footprint strategy
  - Long-term and short-term
- Continuous evaluation of portfolio
  - American LaFrance, Retail Branches



## FREIGHTLINER LLC FORMAL NOTIFICATIONS OF UPCOMING WORKFORCE REDUCTIONS

Portland	798 employees
Mt. Holly	478 employees
St. Thomas	650 employees
Gastonia	260 employees
Cleveland	1 100 employees
Total	3286 employees

WARN notice issued at St. Thomas on Monday, December 4

WARN notice issued at Portland and Cleveland on Friday , January 26

WARN notice issued at Mt. Holly on Friday, February 23

No notice required at Gastonia

Effective dates all in April

# OPERATIONAL EXCELLENCE IS THE OBJECTIVE OF ALL ACTIVITIES AT FREIGHTLINER

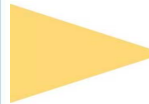
## Global Excellence

Management of Cycles

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Future product generations



- EPA 07 introduction
- Clear focus on efficiency and process improvements
- Corporate Scorecard
- Establishment of Continuous Improvement office





# ALL THREE PROPRIETARY ENGINES HAVE BEEN EPA-CERTIFIED

### Series 60 Detroit Diesel engines

- First units in production and first units sold
- Designs have proven to be manufacturing friendly and very reliable with positive customer acceptance

### MBE4000 and MB900 engines

- Will be phased into production during the first quarter.
- Start of pre-series production in January was delayed due to late parts upgrades but all hardware and software issues have now been resolved

### Freightliner LLC's Reliability Growth fleet

- 2.8 million test miles for Series 60 - equipped vehicles
- 2.8 million miles for MBE4000 - equipped vehicles
- 2.2 million miles for MB926- equipped vehicles
- Minimal problems experienced during the last 3-4 months



## GROWTH AND MARKET EXPLOITATION AT FREIGHTLINER LLC

### Global Excellence

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Future product generations

- Sterling & Western Star Growth Strategies
- Freightliner Medium Duty Growth Strategy
- Growth in Mexican and Latin America
- Growth of Aftersales Business
  - Remanufacturing core competence
  - Value-added Services
  - Channel Development

## Sterling Bullet



- Market Introduction: March 2007
- First joint venture with Chrysler Group

## Sterling 360



- Market Introduction: February 2006
- Close collaboration with Mitsubishi FUSO

## Western Star “Stratosphere Sleeper”



- Market Introduction: May 2006
- Owner-Operator look walk-thru design

## Sterling “Face Lift” Truck



- Market Introduction: January 2007
- Performance & styling enhancements

# FREIGHTLINER HAS EXCITING NEW PRODUCTS AND COMPONENTS READY FOR THE MARKET IN 2007

## Global Excellence

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Future product generations

- New Freightliner Truck (May 2007)
- New Heavy Duty Engine Platform

## WHY IS A NEW TRUCK NEEDED?

It's a tough world out there:

- Operating costs for our customers have dramatically increased (fuel, EPA compliance)
- Attracting and retaining (ever larger) drivers is becoming extremely difficult
- Competition is catching up (ProStar, VN)

- These challenges cannot be addressed and overcome by tweaking existing vehicles
- A step change is required, one which goes beyond mere evolution
- 2007 is the right time to introduce a solution to these issues

## CUSTOMER INPUT FULLY INTEGRATED



ISO 9002 CERTIFIED



## THE NEW TRUCK WILL BE....

- **Replacement for Century/Columbia**
- **Brand new for 2007, optimized to address the trucking challenges**
- **Delivers significantly higher economic value**
- **Offers best-in-class ergonomics**



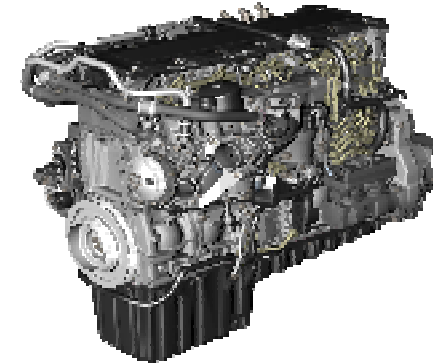
## Future Product Generations: New Freightliner Truck





### HDEP – STRATEGY FOR THE FUTURE

- Future Challenges
  - New Emissions Standards Worldwide
  - Increasing Cost of Engineering Development and Testing
  - Increasing Life Cycle Costs (After Treatment)
- Short Term Plans – Continue to launch 2007 Series 60, MBE 4000 and MBE 900 Engines
  - Engine changes, new electronics and DPF after treatment
- Long Term – Phase in a New Heavy Duty Engine After EPA 07 Launches
  - New Engine Series Representing Worldwide DCX/DDC Engine Platform
  - Meet Future Emission Standards Incorporating New Engine Technology
  - Combine DCX Engineering and Manufacturing Resources Worldwide



### **HDEP - BENEFITS TO THE TRUCK GROUP**

- Worldwide Engine Platform to Replace Numerous Engines in NAFTA / Europe / Asia and Other Supplemental Markets
  - Long Term Vision to Provide A New Engine Platform Capable of Meeting Future Emission and Life Cycle Challenges
  - Grow Market Share By Offering Tangible Benefits Our Competitors Cannot
- Opportunity to Combine Worldwide Truck Group Capabilities in Engineering and Manufacturing to Reduce Overall Costs
  - Global Development and Manufacturing to Maintain Commonality and Volume Benefits With Specific Market Specialization to Meet Customer Requirements
  - Ability to Optimize Worldwide Vendors For Most Competitive Cost Structure



**Thank you for your attention!**

## DISCLAIMER

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project”, “should” and similar expressions are used to identify forward looking statements. These statements are subject to many risks and uncertainties, including an economic downturn or slow economic growth, especially in Europe or North America; changes in currency exchange rates and interest rates; introduction of competing products and possible lack of acceptance of our products or services; competitive pressures which may limit our ability to reduce sales incentives and raise prices; price increases in fuel, raw materials, and precious metals; disruption of production or delivery of new vehicles due to shortages of materials, labor strikes, or supplier insolvencies; a decline in resale prices of used vehicles; the ability of the Chrysler Group to implement successfully its Recovery and Transformation Plan; the business outlook for our Truck Group, which may experience a significant decline in demand as a result of accelerated purchases in 2006 made in advance of the effectiveness of new emission regulations; effective implementation of cost reduction and efficiency optimization programs, including our new management model; the business outlook of our equity investee EADS, including the financial effects of delays in and potentially lower volume of future aircraft deliveries; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety, the resolution of pending governmental investigations and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk Report” in this Annual Report and under the headings “Risk Factors” and “Legal Proceedings” in the Annual Report on Form 20-F filed with the Securities and Exchange Commission. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward looking statements prove incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward looking statements. Any forward looking statement speaks only as of the date on which it is made.