



A DaimlerChrysler Company

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FREIGHTLINER TO TRANSFER OWNERSHIP OF FIRE AND EMERGENCY VEHICLE OPERATION

North America's leading commercial vehicle manufacturer, Freightliner LLC, today announced it intends to divest its American LaFrance fire and emergency services manufacturing business unit.

Based in Ladson SC, American LaFrance (ALF) was acquired by the Freightliner organization in 1995 as part of a corporate expansion.

ALF is the country's fifth largest fire and emergency services vehicle producer with a heritage dating back 173 years. It currently operates six manufacturing facilities and five owned dealer locations across the US and has a workforce of approximately 1,200 hourly and salaried employees.

ALF produces and distributes a comprehensive line of fire and emergency apparatus including chassis, aerials, ambulances, pumpers, rescues and tankers.

Freightliner LLC President and CEO Chris Patterson said that, as part of DaimlerChrysler, Freightliner continuously reviews its product portfolio and business operation and that, as part of this review, has determined that the fire apparatus business will not continue as a core business of the group in future.

“While the company has been driving improvement programs in recent times and we believe the American LaFrance business has growth and profitability potential, we also believe this potential can be better realized by a company that has a focus on ALF’s core markets.

“As a result, we have been in discussion with a number of parties who have an interest in acquiring the assets of ALF and several organizations have emerged as likely investors. Further details will be released as we near a final deal.”

“We recognize the hard work and commitment of the American LaFrance workforce and management. ALF will continue to require the services of an experienced workforce and capable management. Of course, Freightliner intends that all current market obligations will be fulfilled, as well as ensuring that current customers of ALF continue to receive the service and support that they have come to expect.”

He went on to say that while the successful buyer would be expected to acquire ALF’s manufacturing and distribution infrastructure, the Ladson facility was not part of the sale and would remain a DaimlerChrysler asset.

The company intends to utilize the 460,000 sq. ft. plant and office building, situated just north of Charleston, for other purposes in its commercial vehicle business.

A total of 528 Ladson-based direct and salaried jobs will be affected. In addition to around 400 hourly-paid workers these jobs include engineering positions, purchasing and materials acquisition, customer support & service, marketing, IT and finance.

Two current ALF manufacturing facilities, at Hamburg NY and Casper WY are to take on the production of bodies which are being transferred from Ladson as part of an internal restructuring program.

Body production transfer work is scheduled to begin in October and be completed by late this year. A major share of the affected jobs at Ladson (about 250 of the 528) is a result of this production transfer.

“It is possible the new owner may seek to continue cab and chassis production at Ladson and perhaps retain a number of jobs through 2006 for this purpose,” he said. “In the meantime, we are committed to transferring the body assembly operation out of the Ladson plant to meet operational and financial restructuring goals.

Patterson estimated the market for fire apparatus in NAFTA to be \$1.5B, now recovering from weaker demand when municipalities faced difficult financial conditions earlier in the decade.

“Despite the occasional cycle,” he said, “the market for custom fire apparatus is expected to grow based on the need for more fire trucks, technology advances, increased federal funding for Homeland Security, and the need to replace older fire equipment.”

He said ALF’s overall revenues were forecast to increase approximately 15 percent in 2005 through improved production throughput and gains on the existing order backlog.

Patterson said that despite the divestiture of American LaFrance, Freightliner LLC remains a major employer in the Carolinas. He said the company still operates a custom chassis fabrication plant in South Carolina as well as two trucks plants, a parts plant and a school bus manufacturing facility in North Carolina. He said Freightliner continues to employ more than 10,000 people in the region.

American LaFrance is a subsidiary of Freightliner, North America’s leading heavy-duty commercial vehicle manufacturer. Freightliner itself, with three truck brands and school bus and diesel chassis business units, is part of DaimlerChrysler, the world’s largest manufacturer of commercial vehicles.