

# Daimler Says 2,000 Sterling Trucks Remain; Delays Payments to Dealers by Six Months

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Daimler Trucks North America — which is down to its last 2,000 Sterling Trucks — has pushed back the date for completing its termination assistance payments to its dealers by six months, according to a letter from Daimler to Sterling dealers obtained by TRANSPORT TOPICS.

The original equipment manufacturer — which in October 2008 announced it would close the brand — has offered to repurchase unsold new and late-model dealer inventory, but at steeply discounted rates of 20 to 30 cents on the dollar, the letter stated. While the dealers and Daimler would like to wrap up this year the process that was announced a year ago, the last of the Sterlings could become particularly compelling in early 2010, as one dealer said they could be \$20,000 cheaper than new tractors made at that point.

“Some of my colleagues are skeptical about ever seeing the money. Inventories are coming down, but I don’t think Dec. 31 is plausible [for selling the last truck]. It’s still a very rough economy,” said Paul Schlagenhauf, president of Badger Truck Center in southeastern Wisconsin.

Martin Daum, CEO of DTNA, told reporters at a press conference earlier this month he thought the remaining Sterlings could be sold off by the end of the year (10-19, p. 1).

The company declined additional comment for this story.

“They [Daimler] have unilaterally changed the agreement they wrote and it doesn’t benefit anyone but them. I’d prefer it if they’d kept the original agreement,” said Richard



Port of Long Beach

**A Sterling truck hauls a container at the Port of Long Beach, Calif. Daimler Trucks North America terminated the brand this year.**

Witcher, CEO of Minuteman Trucks in Walpole, Mass.

A sister company to Freightliner and Western Star Trucks within DTNA, Sterling has sold vehicles in gross-vehicle-weight rating Classes 3-8 this year, but more than 50% have been Class 8s. The Sept. 18 letter from DTNA to Sterling dealers pegged the inventory of new vehicles at 2,100 at that time.

Daimler’s decision in late 2008 to fold the 10-year-old brand, once part of Ford Motor Co., caused ill will among Sterling dealers. However, both Witcher and Schlagenhauf gave Daimler credit for putting together an online truck locator that helps buyers throughout the United States and Canada search for desired vehicles.

“There is nationwide shopping going on. I just sold a truck to a buyer in Los Angeles,” said Witcher, who also is the vice chairman of

American Truck Dealers, a division of the National Automobile Dealers Association.

WardsAuto.com said Sterling had heavy- and medium-duty U.S. sales of 5,087 trucks during the first nine months of this year, or an average of 565 trucks a month.

The issue of transition assistance payments is significant to the dealers. Daimler constructed the payments based on three years of sales history at each dealership. Half was to be paid upon signing an agreement to accept the plan, and the other half would come after the dealership’s last Sterling was sold, or Dec. 31, 2009, whichever came first. Now that is being pushed back by six months to June 30, 2010.

Schlagenhauf, the Sterling line representative within ATD, estimated the combined payments would be worth a minimum of \$50,000 to each dealer and could

extend well above \$100,000.

As for truck buyers, discounting will probably play a major role in moving the last 2,000 units, especially after Jan. 1.

“These trucks won’t be new after Dec. 31. The customer will probably want a discount,” Schlagenhauf said.

Trucks with engines made after Jan. 1 will increase in price by around \$9,000 per heavy-duty

unit because the new engines will have to meet tougher federal emission standards.

The last of the 2008 model-year Sterlings, made during this year’s first quarter, could be about \$20,000 cheaper than new 2010s, Witcher said.

“Those trucks will have missed two rounds of price increases,” he explained, from 2008 to 2009 and from 2009 to 2010.