

CITATION News

A letter from the CEO Doug Grimm



Since becoming CEO of Citation Corporation more than four months ago, the company remains on track to achieve many of its FY2008 goals. However, the current state of the automotive industry and economy continues to test the strength and stability of many suppliers.

While no supplier is immune to the effects of these downturns, Citation continues to make strategic business decisions and implement various initiatives to ensure our long-term success.

Citation has taken the following steps to compensate for this difficult time and to ultimately improve our business processes:

- Re-energizing lean initiatives, resulting in 42 green belts currently being trained by General Electric. All senior management also received executive training
- Maintaining a lean, but effective and professional

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Citation Wins Daimler Trucks North America Supply Contract

Citation has won a long-term supply contract with Daimler Trucks North America LLC, providing the company with engine brackets and chassis and suspension components for heavy- and medium-duty trucks manufactured under its Freightliner brand. Citation manufactures the components at its Biscoe, N.C., and Columbiana, Ala., facilities. Plants in Lufkin, Texas and Marion and Brewton, Ala., provide secondary support to the Biscoe division. Production of the parts began in the first quarter 2008, and are

being shipped to all Daimler Trucks North America's assembly plants in the United States, Canada and Mexico.

"This new contract reinforces Citation's commitment to meet our customers' needs by providing high-quality casting components," said Citation CEO Doug Grimm. "We look forward to continuing our relationship with Daimler Trucks as we expand our market portfolio in the heavy truck industry."

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Citation has worked with Daimler Trucks North America LLC, formerly known as Freightliner LLC, for more than 20 years. The business has grown to be one of Citation's largest heavy truck customers.

Citation's Columbiana, Ala., Facility Receives Award from American Foundry Society

Citation's Columbiana, Ala., facility has been awarded an honorable mention in the 2008 American Foundry Society (AFS)/Engineered Casting Solutions magazine (ECS) Casting of the Year award competition for its Volvo multifunction bracket/towing eye.

The bracket has multiple functions including radiator, tow ring, bumper, cross member mounting, and hood latch pivot mounting.

The new design eliminates the machining and heat treatment required on previous versions, and reduces the component's weight by one-and-a-half pounds to 21 pounds. It also provides a 35 percent cost savings and added thickness for strength.

"We are honored our casting was considered for this prestigious industry award," said Citation COO Cary Wood. "I'd like to

congratulate our team at the Columbiana facility for their help in the creation of a component that provides several advantages, while exceeding the expectations of our customers."

The 2008 Casting of the Year award is given to manufacturers who exhibit the benefits of the casting process, show marketability or satisfy customers' needs impeccably.

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A Letter from the CEO

management team focused on implementing our strategic business plan

- Working closely with our supplier partners to ensure on-time delivery and order availability to support customer requirements
- Being fiscally responsible
- Continuing to make employee safety a top priority
- Communicating frequently with our stakeholders
- Consolidating back office operations

These strategic decisions have strengthened our ability to meet short- and long-term business objectives. And, many of our company-wide initiatives already in process are yielding significant results.

Citation will continue to evaluate positive steps that can be taken to help us battle the sluggish economy and improve our operations. We appreciate your continued support and confidence in us to provide high-quality casting components and modules.

Sincerely,



Doug Grimm
Chief Executive Officer

Citation Discontinues Operations at Butler Foundry

Citation will idle its Butler, Ind., permanent and semi-permanent aluminum molding operations by the end of July 2008. Production and equipment will be transferred to foundries in Bristol, Ind., and Milwaukee, Wisc., owned by Diversified

Machine Incorporated (DMI).

The decision coincides with Citation's long-term business strategy aimed at enhancing its manufacturing efficiencies and refocusing on core competencies.

The Butler division has been part of Citation since 1996 when Citation acquired Bohn Aluminum Corp. The company began transitioning business and reducing its workforce in May.

Citation Hosts Manufacturers' Representatives Meeting in Atlanta

Citation recently hosted a heavy truck manufacturers' and industrial representatives meeting in conjunction with Cast Expo in Atlanta, Ga., to provide an update on the company's business strategy, challenges and opportunities. Meeting topics included:

- Updates on Citation's modernization strategy, which focuses on optimizing its

manufacturing footprint and portfolio at its Lufkin, Texas, Biscoe, N.C., and Berlin, Wisc., facilities

- Citation's growth strategy of pursuing strategic acquisitions and joint venture opportunities
- Introduction of a manufacturing representative scorecard, a metric developed to measure

the organization's effectiveness and proficiency in specifically targeted markets

- Establishing a new manufacturers' representatives Advisory Board to present feedback on Citation's performance and processes

Citation's representatives also provided input on how to capture new business opportunities.

Citation CEO to Speak on the Auto Industry at Management Briefing Seminars

Citation's CEO, Doug Grimm, will participate in a panel session at the 2008 Management Briefing Seminars (MBS). The annual seminars will be held August 11-15 in Traverse City, Mich.

Grimm will offer insight on working with private equity firms for the "Money Talks: A Supplier's Guide to Thriving in the Automotive

Industry's New Financial Landscape" panel on Friday, August 15, from 8:30 a.m. – 12:30 p.m.

Other industry executives participating on the panel, include: Bo Andersson, vp, Global Purchasing, General Motors; Tony Brown, vp, Global Purchasing, Ford Motor Co.; and John Campi,

executive vice president, Procurement, Chrysler LLC.

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