

DAIMLERCHRYSLER

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Tom W. LaSorda
President and CEO

May 12, 2006

The Honorable Tom Harkin
United States Senate
Washington, DC 20510

The Honorable Dick Lugar
United States Senate
Washington, DC 20510

Dear Senators Harkin and Lugar:

This is in response to your letter of April 24, 2006, to Dr. Dieter Zetsche, requesting that DaimlerChrysler increase its production of flexible fuel vehicles (FFVs) as quickly as possible to reduce our consumption of petroleum. DaimlerChrysler shares your views that we need to shift the Nation away from petroleum consumption and that renewable fuels can, and must, play an important part in that shift.

Earlier this year, I announced in a speech at the Detroit Economic Club that DaimlerChrysler would add to the 1.5 million FFVs that it had previously produced by manufacturing, by the 2008 model year, just under 500,000 FFVs annually. These 1.5 million vehicles represent about 10 percent of our total production since 1998, and the 500,000 figure is nearly 25 percent of our expected annual production. Both percentages are the highest for any manufacturer, a fact of which our company is very proud.

On April 25th, I had the honor of following President Bush to the podium of the Renewable Fuels Association conference, held in Washington. I announced that for the first time ever, beginning in model year 2007, our Jeep brand will offer flex-fuel vehicles, for both retail and fleet sales. Customers who order our popular Jeep Grand Cherokee or the new Jeep Commander with the 4.7 liter engine option will receive vehicles capable of running on E85 fuel. In addition, the Chrysler Sebring, Chrysler and Dodge minivans, Dodge Dakota and Dodge Ram pickups, and the Dodge Durango SUV will also offer FFV capability. In total, we anticipate sales of more than 250,000 FFVs in model year 2007, which will then nearly double by the following model year. DaimlerChrysler is fully committed to increasing levels of FFV production.

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Our commitment to renewable fuels, though, extends beyond ethanol use. DaimlerChrysler is the only manufacturer to offer a diesel vehicle that leaves the factory fueled with bio-diesel. The Jeep Liberty diesel, manufactured in Toledo, Ohio, is fueled with B5 as it leaves the assembly line. We have also announced that beginning this Fall, we will endorse the use of B20 diesel fuel, for use by our military, government and commercial fleet Dodge Ram customers.

Senators, we share your goals of reducing petroleum consumption and increasing the use of renewable fuels. The actions described above, plus our continuing efforts to improve the efficiency of gasoline-powered vehicles, increase our use of diesel engines—which provide 20-40 percent improvements in fuel economy compared to equivalent gasoline-powered vehicles—and our leadership in fuel cell vehicles—with more than 100 vehicles, ranging from small cars to transit buses, in operation around the world today—are testimony to our commitment.

DaimlerChrysler believes that incentives are the most efficient means to increase production, distribution, and sales of both renewable fuels and vehicles capable of operating on them. In this regard, some of the provisions of your bill, especially those regarding the elimination of a manufacturer's CAFE credits, are of concern to us. But given our shared goal of increasing the number of FFVs, we look forward to working with you and other Members of the Congress to resolve any different approaches we may have on this extremely important issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tom".