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Title Slide

Thank you, Sergio. I am pleased to participate in this conference and to talk with you about some new and exciting innovations in the biofuels industry.

There is today - a greater level of interest and higher degree of seriousness – about finding alternatives to petroleum than we have seen in decades. And it's easy to understand why – high prices, concerns about national security, and worries about the environment are all pointing us in the same direction. But while we all know where we want to go, there's no single path. That's why DaimlerChrysler is pursuing simultaneously a number of options: advanced clean diesels, continuous improvement in internal combustion engines, alternative fuels such as ethanol and biodiesel, flex-fuel vehicles, hybrid technologies and, for the future, hydrogen fuel cells.

Slide 2 – Fuel Cells

Hydrogen fuel cell technology may be the long-term energy answer, and we're making progress on this front. DaimlerChrysler already has put 100 fuel-cell vehicles on the road around the world for further testing and development – more than any other manufacturer. These vehicles range from small cars to delivery vans to mass transit buses.

Slide 3 – Hybrid Partnership

Hybrid technology has attracted a lot of attention. DaimlerChrysler has a top-down approach, focusing first on large vehicles where the biggest gains in reducing fuel consumption can be made. For example, DaimlerChrysler is the world's largest hybrid bus manufacturer, having sold more than 1,000 Orion brand diesel-hybrid buses to cities like New York – and just last week, the first of 56 diesel-hybrid buses were delivered to San Francisco. The stop-and-go driving of a city bus is an excellent application for maximizing the benefits of hybrid technology.

DaimlerChrysler also is working with GM and BMW to jointly develop a new two-mode gasoline-electric hybrid system, that will be a significant improvement over the current technology. We'll introduce the system on our Dodge Durango in the 2008 model year.

Slide 4 – Flex-Fuel Vehicles

DaimlerChrysler also is dramatically increasing its commitment to ethanol.

Since 1998, DaimlerChrysler has provided to customers more than 1.5 million vehicles that run on E85 (a mix of 85 percent renewable ethanol and 15 percent gasoline) – including: Dodge Caravan, Chrysler Town & Country minivans, Dodge Stratus, Chrysler Sebring cars, Dodge Durango SUVs, and Dodge Ram pickup trucks. That number represents about 10 percent of all vehicles we've sold since 1998 – a greater percentage than any other auto company.

And recently we announced that in the 2007 model year we'll put our popular Jeep Grand Cherokee and Jeep Commander on our list of flex-fuel vehicles to be sold under the Jeep name. Our first-ever flex-fuel Dodge Dakota mid-size pickup and the Chrysler Aspen SUV will also join them.

We plan to produce more than 250,000 ethanol flex-fuel vehicles in 2007. And we plan to nearly double that number to about one-half million in 2008, including both fleet and retail sales. That's roughly 25 percent of our total production that we're committed to making capable of running on ethanol blended fuels.

Slide 5 – Jeep Liberty U.S. Market Introduction

But when it comes to having an immediate impact, we think today's modern, clean-running diesels have the potential to provide a lot of bang for the buck. They improve fuel economy and reduce CO2 "greenhouse" emissions compared with an equivalent gas engine, and they provide durable and smooth performance.

Diesel can improve fuel economy on average by 30 percent, and drastically reduce our dependence on oil. As an example, according to the United States Environmental Protection Agency, if the U.S. had a light duty vehicle population that was one-third diesel, the country would save up to 1.4 million barrels of oil per day. That's as much oil as we currently import from Saudi Arabia.

Slide 6 – Diesel in Europe

In Europe, gasoline prices until recently were two or three times higher than in the U.S. Europeans have shown a preference for diesel engines – for their fuel economy, and for their increased performance and range. It's no surprise that diesels represent 49 percent of the European passenger new car market.

Slide 7 – CG Diesel Passenger Vehicles

In fact, two-thirds of all Chrysler and Jeep vehicles sold in Europe are diesel powered.

Slide 8 – Mercedes and smart Diesel Passenger Vehicles

Within both Europe and the U.S., diesel and gasoline powertrains both must meet the same tough emission standards. However, U.S. standards are not comparable with European standards. This lack of harmonization forces manufacturers to design vehicles to different standards and go through separate approval processes.

In bringing the Jeep Liberty CRD to the U.S. in 2005, a significant effort was required to meet different emissions standards. For example, onboard diagnostics to ensure emission controls operate properly are required by U.S. regulations, even though they are not mandatory in Europe until 2007.

In the Liberty program, we even had to take into account the varying quality of diesel fuel, because fuel quality affects emissions, not to mention customer issues such as noise, smoke and performance.

Slide 9 – Diesel Models

DaimlerChrysler has been leading the industry in bringing diesel back to the American market. In calendar year 2006, DaimlerChrysler will offer five models with diesel engines – the Jeep Liberty, Dodge Ram 2500 and 3500 pickups, and Mercedes-Benz E320, ML320 and R320. Both the Jeep Liberty and the Mercedes-Benz E320 greatly surpassed our sales expectations over the past year and a half since they were first introduced.

Slide 10 – Mercedes-Benz Blue Tec

Later this year, DaimlerChrysler will bring to this market the cleanest and most fuel-efficient diesel technology in the world, called BLUETEC. We introduced it in a Mercedes E-Class at the North American International Auto Show in Detroit in January. To give you a benchmark for performance, the Mercedes E320 full-size sedan, powered by a six-cylinder diesel engine, will achieve 35 miles-per-gallon in real-world driving.

BLUETEC already is making a big impact in Mercedes-Benz commercial vehicles in Europe, where more than 20,000 have been sold.

BLUETEC is so efficient because it triple cleanses diesel exhaust to break down harmful tailpipe emissions into water and nitrogen. In fact, today's diesel engines – including BLUETEC – are up to 95 percent cleaner than the diesels of 15 years ago.

Slide 11 – Jeep Grand Cherokee

Moving forward to 2007, the Chrysler Group will become the first North American manufacturer to offer a diesel-powered full-size SUV in the U.S. market. The 2007 Jeep Grand Cherokee with a 3.0-liter common rail turbo diesel engine will arrive at dealerships in the first quarter of 2007. This engine is based on technology developed by Mercedes-Benz, which is the center of expertise in diesels for DaimlerChrysler. The Jeep Grand Cherokee diesel will offer class-leading torque, outstanding towing capacity and an average 25 percent improvement in fuel economy, giving it an estimated driving range of 425 miles.

We recognize that we face a challenge in selling diesel in the US. Many potential customers still remember -- none too fondly -- the diesel vehicles of 25 years ago that emitted clouds of black, irritating diesel exhaust.

But two developments in recent years have led us to re-think the role of diesel in meeting our transportation needs. One is the increased concern about our near-total reliance on petroleum for fueling our automobiles. Second is the rapid advance of diesel technology over the past 15 years, including the development of advanced fuel injection systems, computerized engine controls and progress in particulate filter applications.

Our campaign to bring diesel back to the U.S. market relies in part on a home-grown solution - biodiesel. We believe biodiesel will be an important component for three main reasons.

First, biodiesel reduces our dependence on oil.

Second, it can be blended with petroleum diesel for use in today's diesels without modifying the vehicle.

Third, biodiesel fuel has also been proven to reduce emissions and the lifecycle release of greenhouse gases beyond that of diesel alone. In fact, the use of biodiesel fuel results in a substantial reduction of unburned hydrocarbons, carbon monoxide and particulates compared to petroleum diesel.

Slide 12 – Bio from Ohio

This campaign is more than just talk; we have taken significant steps to support the biodiesel field. Starting last year, every Jeep Liberty CRD leaving the factory was fueled with B5 – diesel fuel blended with 5 percent biodiesel produced from soybeans grown and refined in Ohio. We call it “Bio from Ohio.”

Slide 13 – Ram 3500 Cummins TurboDiesel

We took the next step earlier this year when Chrysler Group President and CEO Tom LaSorda announced that the company is endorsing the use of B20 in diesel-powered Dodge Ram trucks by our government, military, and commercial fleet customers starting with the 2007 model year. The only requirement is that fleet customers must use biodiesel fuel that meets the military specification for fuel quality.

And, like the Jeep Liberty, all 2007 Jeep Grand Cherokee diesels will also leave our factory in Detroit fueled with B5.

As we work to make biodiesel more readily accessible, we also want to ensure that this biodiesel meets high quality standards. We want to guarantee our customers that the fuel available at their local station meets these high quality standards no matter where they buy it. The data we can gather from our fleet customers over the coming months will provide us the kind of real-world experience we need to create a national specification for biodiesel fuel.

We are working with the biodiesel industry, OEMs, suppliers, nonprofit organizations, and Federal and state governments to work together to set quality standards for B20

It is our goal to have a national standard for B20 fuel in place in 2007. In fact, just last month, we sponsored a B20 summit in Detroit to address the remaining barriers to adoption of a national B20 fuel standard. Working with NextEnergy, Inc., a nonprofit organization based in Detroit charged with addressing our future energy needs, and the National Biodiesel Board, we brought together critical biodiesel and equipment stakeholders to develop a plan to address those remaining barriers.

Later this month, that group will issue its report and recommendations, and we look forward to working with them to accelerate the process for a national standard.

Slide 14 – Jatropha Oil Seed Tree

Although biodiesel is a very promising fuel, there are some long-range challenges. If the biofuels market continues to grow, we may not have enough feedstock from crops to keep up with production demands. And we certainly don't want to take from food crops to produce biodiesel. We'll need to identify new "fuel" crops that will minimize cost and the energy expenditure needed to produce them while maximizing the quality of the fuel.

Slide 15 – Biofuels from Eroded Soils

These new "fuel" crops are certainly a long-range opportunity for the industry, consumers and DaimlerChrysler. We are currently conducting research in cooperation with the Central Salt and Marine Chemicals Research Institute (CSMCRI) in India using experimental *Jatropha* plantations. *Jatropha* is a very oil rich, non-edible plant that grows on wastelands and only requires small amounts of water. The oil produced from *Jatropha* has been tested successfully in several DaimlerChrysler vehicles.

Slide 16 – DaimlerChrysler Research Projects on Biofuels

And in 2001 DaimlerChrysler teamed up with Choren Industries and Volkswagen to build up a pilot plant for production of synthetic diesel from wood. This fuel does not release any new fossil CO₂ into the atmosphere. In addition, it contains neither sulphur nor aromatics; it is odorless and can be used directly in existing vehicles without the need for modifications to the engine. It also has the potential to reduce the emissions of particulates by as much as 50 percent and of

carbon monoxide and hydrocarbons by 90 percent, without modifications to the engine.

With this type of research, we aim to identify regional sources of fuel. Building regional infrastructures for fuel will reduce reliance on imports and support local economies. With diverse and flexible locations, farm crops, refineries, distributors and users would all operate in and benefit the same region.

Video Clip - SunDiesel

Slide 17 – Brownfield Site

The Chrysler Group is also working with Michigan State University researchers and the U.S. Environmental Protection Agency on an innovative program to re-use a brownfield site in the Detroit area to produce crops for biodiesel research and development programs. In addition, three other sites across Michigan will be part of the program including Michigan State University's campus in Lansing, northern Michigan and the Upper Peninsula. We'll be looking for the productive varieties that require the least amount of care – such as cultivation and irrigation. This "return to use" program could serve as a model for SuperFund sites across the country.

Slide 18 – Title Slide

To sum up – DaimlerChrysler will continue to pursue the development of diesel technology because we believe strongly in the advantages of diesel. As potential customers become more familiar with these benefits, diesel's future will be a bright one.

Thank you again for the opportunity to speak with you today.