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Thank you and good morning!

I appreciate this opportunity to join your conference. And I'm honored to follow President Bush.

In addition to the words of support on renewable fuels that we just heard from President Bush, at DaimlerChrysler we've also been encouraged by the policies coming out of Washington to promote the adoption of biofuels.

The Energy Policy Act of 2005 recognized the potential of biofuels and offered tax credits to encourage their use.

And the EPA issued regulations implementing the Renewable Fuels Standards Program that will require three percent of gasoline dispensed this year be renewable fuels.

Those are positive steps forward.

I might add that we're also glad to see that the Renewable Fuels Association is attracting so much attention these days. I'm just sorry that it took the pain of three bucks-a-gallon and 75 bucks-a-barrel to get it!

Those high fuel prices are very much in the headlines these days – and probably will remain there as the summer driving season approaches.

We share the pain in the auto industry, as do most all manufacturers.

For example, the prices for petroleum-based resins have increased by 44 percent over the last two years. And rubber prices are up 49 percent during the same period. These prices are projected to climb another 20 percent this year, according to a projection by Global insight.

Escalating and unstable oil prices have resulted in a lot of finger pointing here in Washington, and around the country as everyone wants to place blame. Unfortunately, focusing on the symptom rarely results in a solution that gets to the root cause of a problem. It's a complex issue.

But boil it all down and you come to one basic question: "Can this country rally together to replace more than 75 percent of our oil imports from the Middle East by 2025, as President Bush laid out in his State of the Union address on January 31?"

Yes we can!

A key element of the answer is renewable fuels or biofuels.

With oil companies, auto companies, farmers, and federal, state and local governments working together can make it happen ... a significant part of the solution to our energy, environment, and national security issues can be homegrown!

At DaimlerChrysler, we've long thought of biofuels as a win-win proposition.

Biofuels represent a huge opportunity to reduce our consumption of conventional petroleum-based fuel, and our dependence on foreign oil.

Biofuels reduce lifecycle carbon dioxide (greenhouse gas) emissions, because the plants from which they're derived absorb carbon dioxide from the atmosphere during growth.

Biofuels reduce tailpipe emissions of particulates, carbon monoxide and hydrocarbons in diesel engines.

Biofuels also support the American agricultural economy.

Personally, I hope to see the day when, for example, family farms grow soybeans and other “bio fuel cash crops” on a large scale ... and we invest in facilities to convert this natural resource to fuel ... and reinvent and reinvigorate the North American agricultural business.

American farmers need new opportunities.

According to Farm Aid (a non-profit organization that is working to save family farms) some 330 farm operators leave their land every week!

By adopting biofuels, we can dramatically reduce our reliance on foreign oil and spur growth in agribusiness within just 10 to 15 years. This scenario is not far-fetched!

As we heard earlier this morning from the President, this administration is willing to step up to the plate to do its part. Is the oil industry ready to do its part?

I can't speak for the oil industry. But investing with government and private business in the growing biofuel infrastructure would be a great start.

Oil is a great industry that has done a lot for this country and we can't forget that. We need it now more than ever.

Is the auto industry ready to do its share? You bet we are!

In fact, a sensor that pioneered flex-fuel capability in cars was a Chrysler innovation. It was made available to customers in the methanol flex-fuel Dodge Spirit and Plymouth Acclaim models back in early 1992.

We were doing the right thing, but the timing was bad. Gas was cheap. The infrastructure wasn't there, and neither was the car-buying public. There simply was no critical mass.

A colleague of mine tells a story that illustrates the point. He was driving one of those first methanol flex-fuel Dodge Spirits in 1992 while assigned here to our Washington office. Although there were a few hundred of those flex-fuel vehicles in D.C. at the time, there was only one methanol pump – at a Sunoco station on M Street. One day he went to fill up his car ... only to find the methanol pump was gone. The gas station owner explained that he'd been his only methanol customer! So, at a minimum, we disproved that popular theory, “If you build it, they will come!”

Since 1998, the Chrysler Group 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 today we're announcing that in the 2007 model year we'll put our popular Jeep Grand Cherokee and Jeep Commander on our list of flex fuel vehicles for both fleet and retail sales. They'll be the first ethanol flex-fuel vehicles to be sold under the Jeep name. Our first-ever flex-fuel Dodge Dakota mid-size pickup will also join them.

We plan to sell 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.

As reported, GM and Ford have signed up to bring another 1.3 million ethanol flex-fuel vehicles to the market in the same period along with the almost 4 million they have today combined. That makes for a total of over 8 million flex-fuel vehicles coming to this market by 2008.

Imagine, if all of those vehicles were operated on E85 instead of gasoline, it would save 4.5 Billion gallons of petroleum per year – roughly one-third the amount of oil we import from Iraq each year.

Unfortunately, too many of these vehicles (some of you may even be driving them) have been – or will be -- running on pure gasoline due to the lack of a fuel infrastructure. Take Michigan, the auto capital of the U.S. There are just six – that's right, six – gas stations in the entire state that carry E85.

But we know that flex-fuels can work, when industry and government gets behind them and encourages infrastructure development. Just look at what Brazil has done, having pursued a flex-fuel policy since the oil embargo in the late 1970s. Brazil had an excess of sugarcane, a concern for the environment, and wanted less dependence on petroleum. It aligned its interests and became a leader in flex-fuel adoption.

Brazil expects to be energy independent by the end of this year. If Brazil can do it, why can't the richest and most technologically-advanced country in the world do it?

It brings us back to the question: "Can this country rally together and replace more than 75 percent of our oil imports from the Middle East by 2025?" The answer must be absolutely yes! It can be done.

But the biofuel story doesn't end with ethanol and flex-fuel vehicles. It's just the beginning. When you add diesel engines to the mix, the story really gets interesting!

Diesels haven't been widely accepted in the U.S. yet. But they account for roughly 46 percent of the new passenger car market in Western Europe. In France and Spain, the market share of diesel cars jumps to 70 percent or more. Last year, about two-thirds of the Chrysler and Jeep vehicles that we sold in Europe were diesel powered.

Modern, clean diesels are a new breed of engine. They can improve fuel economy by 20 to 40 percent, and reduce tailpipe CO2 emissions up to 20 percent compared to an equivalent gas engine. And they provide durable and smooth performance.

According to the EPA, if we had a light-duty vehicle population that was one-third diesel, we'd save up to 1.4 million barrels of oil per day in the U.S. To put that number in perspective that's equivalent to the amount of oil the U.S. currently imports daily from Saudi Arabia.

Last year the Chrysler Group became the first North American-based manufacturer to offer a modern diesel engine in this market in our Jeep Liberty. (By the way, customer demand for the diesel Liberty exceeded our expectations. We've more than doubled our sales target!)

Every Jeep Liberty CRD we build leaves the assembly line in Toledo, Ohio, fueled with B5 – a renewable fuel with a five percent biodiesel mix derived from locally-grown soy beans.

Much as we're expanding our offerings of ethanol flex-fuel vehicles, we also plan to expand the availability of diesel engines in our product lines. At DaimlerChrysler,

we've recently developed the cleanest and most fuel-efficient diesel technology in the world. We call it "BLUETEC," and we're rolling it out in Mercedes-Benz vehicles (our sister company) this year.

To give you a benchmark for performance, the Mercedes E320 full-size sedan delivers the torque of an eight-cylinder, and 35 miles-per-gallon in real-world driving.

Our BLUETEC diesels will meet emissions standards in all 50 states – and have the potential to run on biofuel. Look for BLUETECH in future Chrysler Group vehicles in the not-too-distant future.

We're also working to increase the "bio content" in diesel fuel. In our 2007 model year Dodge Ram Heavy-Duty diesel pickup, we stepped up and endorsed the use of B20 - a 20 percent biodiesel mix - for use by our military, government and commercial fleet customers.

We believe that allowing our fleet customers to use fuel made to the current military specification is helping to accelerate the development and adoption of B20 for general use.

And we're working with industry partners to establish a national standard that would enable all diesel vehicle owners to use B20 fuel, no matter whose nameplate is on the vehicle. In support of this effort, we have teamed up with the Detroit-based nonprofit NextEnergy, the nation's largest chain of biodiesel refiners, and industry-leading suppliers and local universities to conduct much needed research and field testing.

We've also teamed up with the EPA, the State of Michigan and researchers from Michigan State University to put a former Superfund site back to productive use developing better biodiesel.

We're doing this under the EPA's "Return to Use Initiative." We'll explore different crops and cultivation systems in the search for more productive ways to produce this biofuel. And – just to complete the package – the crops may help us remediate the brownfield site. We expect our partners from Michigan State to put the seeds in the ground any day now. Better biofuel from an old Superfund site ... how's that for a neat idea?

Clearly, biofuels offer enormous potential to our economy, country and environment.

Today, we're happy to see the government and the Detroit-based auto industry ... General Motors ... Ford ... and DaimlerChrysler ... teaming up and supporting alternate fuels. We're not just talking about it, but we're backing it up by having put more than 5 million vehicles on the road today ready for E85.

The auto industry has made a strong commitment to alternative fuel technology. And this time, consumers are ready for it.

Given strong supporting government policies and an economic commitment to building out the biofuel infrastructure – you'll see that we're really just getting started. After all, it would be a monumental tragedy if we add the cost, capability and promise of biofuels to vehicles, only to leave our customers and country unable to reap the benefits.

Every single drop of petroleum that is replaced by a drop of ethanol or biodiesel is a good thing for Americans. In biofuels, we have a truly historic opportunity to finally start to get the oil monkey off our back! Let's seize it!

If Brazil can do it, we can do it.

And, yes, this country will meet the President's vision to replace more than 75 percent of our oil imports from the Middle East by 2025. Let's set politics aside and do what's right for future generations.

Thanks again to all of you in the RFA for the work you've done over the years to promote renewable fuels. Your day may have finally come!

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