

Thank you for the opportunity to discuss Daimler's manufacturing operations in the US and our product strategy. As you begin to write regulations for the Direct Loan Program, as authorized by Congress in H.R. 6, the Energy Independence and Security Act of 2007, we appreciate your willingness to consider the viewpoints of all automakers that manufacture in the United States.

Commitment to the US

Daimler currently operates 11 facilities in the U.S. and employs approximately 24,000 Americans. Daimler's brands include Mercedes-Benz, Orion and Setra Buses, and Sprinter vans. Daimler Trucks North America (DTNA) brands include Freightliner, Western Star and Thomas Built Buses, making it North America's largest truck and bus maker. DTNA also owns Detroit Diesel which manufactures engines for our trucks in Michigan. Daimler also manufactures the most fuel-efficient gasoline-engine vehicle in the United States, the smart car.

In addition to our vehicles, Daimler operates a captive auto loan financing company, Daimler Financial Services based in Michigan.

Daimler Footprint in the United States

Daimler has locations across the United States in 16 states. For example:

Alabama: Our 4,000 employees in Vance, Alabama manufacture our lineup of sport utility vehicles, the ML, R, and GL classes. Production began here in 1997. This summer Daimler became the first auto manufacturer to be certified by the IRS for consumer tax credits for new clean diesel vehicles which are compliant in all 50 states. The plant manufactures the ML 320 BlueTec which qualifies for a \$900 tax credit, the R 320 BlueTec that qualifies for a \$1,550 tax credit, and the GL 320 BlueTec that qualifies for a \$1,800 tax credit. The Vance facility will also start producing hybrid versions of these vehicles next year.

North Carolina: Daimler employs approximately 6,000 people in North Carolina. Daimler Buses is headquartered in Greensboro. Daimler Trucks also operates four Freightliner plants located in Mount Holly, Gastonia, Cleveland, and High Point. Production began in Mount Holly in 1979 and Gastonia in 1978. In 1989 Freightliner established a manufacturing facility in Cleveland. Thomas Built Buses goes all the way back to 1916 when it was established in High Point.

South Carolina: Daimler employs nearly 1,000 people in South Carolina. Since 1995, our Gaffney plant has been home to Freightliner Custom Chassis where we make custom chassis for motor homes, delivery vans, shuttle buses, and school buses. For six years the Ladson facility has assembled Sprinter Vans.

Michigan: Detroit Diesel was established in 1938. Over 2,000 employees work at our plant in Detroit, where we design, manufacture, sell and services engines for medium and heavy-duty diesel and alternative fuel engines for commercial vehicles. Michigan also serves as headquarters for Daimler Financial Services and smartUSA.

New York: Daimler's Orion brand is located in Oriskany and employs over 500 New Yorkers. Products include the world-leading hybrid-electric clean diesel buses which are being used in several major US cities.

Increasing Our Production of Advanced Vehicle Technologies in the US

Clean diesel technology is a central feature of our strategy to reduce greenhouse gas emissions and to meet new, tougher corporate fuel economy standards (CAFE). Diesel engines achieve between 20 and 40 percent better fuel economy than gasoline. With new, advanced clean diesel technologies harmful emissions are reduced by 90 percent over previous technology, and comply with the emissions requirement of all 50 states.

BlueTec Diesel Technology: Daimler's BlueTec Diesel technology is an emission control system which traps and reduces particulate emissions and nitrogen oxides. This summer Daimler was the first automobile manufacturer to be certified by the IRS to receive alternative motor vehicle tax credits for its clean diesel vehicles. This certification means that, three of Mercedes' sport utility vehicles, the ML 320, the R 320, and the GL 320, meet all 50 states' strict emissions standards and qualify for consumer tax credits. These three vehicles are made in Vance, Alabama.

Hybrid Technology: Hybrid technology will also play a key role in Daimler's strategy for sustainable mobility. Today we are the worldwide market leader in the hybrid bus segment. Orion Buses manufactured in Oriskany, New York, supplies hybrid buses to cities throughout North America. Compared to standard diesel propulsion, these hybrid buses deliver up to 45 percent better fuel economy while greatly reducing emissions: 90 percent less particulate matter, 40 percent less NOx and 30 percent fewer greenhouse gases. Hybrid technology is being used in the 2009 S 400 BlueHYBRID and the Mercedes ML 450 BlueHYBRID. Both models are expected to be in showrooms in the fall of 2009.

Daimler is using hybrid technology in its heavy-duty trucks. The new Freightliner M2 Hybrid uses the electric drive module as a supplement to the diesel engine, but also for the emission-free operation of its elevating platform.

Conclusion

Daimler is a major manufacturer of light, medium and heavy duty vehicles in the US. Our 24,000 employees and eleven US facilities are a testament to commitment Daimler has put into the US. We have manufactured over one million Mercedes cars and SUVs built here and we continue to produce fuel efficient, advanced technology vehicles. Our truck business, Daimler Trucks North America, is the continent's largest truck and bus maker.

Thank you for the opportunity to share with you what Daimler is doing in America. We believe our products are consistent with the goals of the Direct Loan Program. As you develop the regulations for the important Direct Loan Program, we hope you will be flexible in its design,

non-discriminatory toward all domestic manufacturers, and mindful of our Daimler's strength, innovation, and long-standing commitment to the US.