

April 20, 2009

Daimler AG
Mercedesstrasse 137
70327 Stuttgart
Germany

Dear Sir or Madam:

The Project On Government Oversight (POGO) has updated its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including Daimler AG. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to Daimler AG, please be assured that any response received by POGO will be posted on the website along with the data. Please note that the database includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure

Instances

Lubitz, et al. v. DaimlerChrysler Corp. (Consumer Class Action)

Date: 12/26/2006 (Date of Settlement)

Misconduct Type: Consumer Affairs

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$14,500,000

Disposition: Settlement

Synopsis: A nationwide class action lawsuit was filed in New Jersey state court against DaimlerChrysler over a problem with the front brakes on over 1 million 1999-2004 model Jeep Grand Cherokees. The lawsuit alleged that after as little as 5,000 miles, the steering wheel and front wheels shake, causing drivers to encounter severe vibrations and sometimes brake failure. A \$14.5 million settlement was approved by the court in December 2006.

Securities Class Action

Date: 10/06/2003 (Date of Settlement Notice)

Misconduct Type: Securities

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$300,000,000

Disposition: Settlement

Synopsis: A securities class action lawsuit was filed against DaimlerChrysler in May 2002 over the 1998 merger that formed the company. The plaintiffs alleged the companies issued false and misleading statements regarding the nature of the transaction. The statements assured investors the transaction would be a "merger of equals" when, according to the plaintiffs, the companies intended to turn Chrysler into a division of the merged company. In August 2003, DaimlerChrysler agreed to settle the lawsuit for \$300 million.

Compensation for WWII Forced Labor

Date: 08/11/2000 (Date of Fund Establishment)

Misconduct Type: Human Rights

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: Unknown

Disposition: Settlement

Synopsis: DaimlerChrysler and other German companies (including some subsidiaries of U.S. companies) were named defendants in class actions seeking to recover compensation on behalf of individuals forced to work for those companies by Nazi Germany during World War II. In 2000, the companies, including DaimlerChrysler, reached an agreement with the German government to establish the \$4.4 billion Remembrance, Responsibility and the Future Foundation to provide humanitarian assistance and compensation to the victims of forced labor

and other injustices suffered under that regime. All lawsuits filed against DaimlerChrysler were subsequently dismissed.

Clean Air Act Violation (Mercedes)

Date: 12/21/2006 (Date of Settlement Announcement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Civil

Amount: \$1,200,000

Disposition: Settlement

Synopsis: Mercedes-Benz USA and its parent corporation, DaimlerChrysler AG, agreed to pay a \$1.2 million fine to settle allegations that it did not promptly inform the government about emissions-related defects in certain 1998-2006 Mercedes automobiles. In addition to recalling the defective parts, DaimlerChrysler also agreed to improve its emissions defect investigation and reporting system. The Justice Department claimed Mercedes didn't tell the EPA about problems with air pollution controls installed on the Mercedes model vehicles within 15 days of finding out about them, in violation of the Clean Air Act.

Clean Air Act Violation (Dodge and Jeep)

Date: 12/21/2005 (Date of Settlement Announcement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Civil

Amount: \$94,000,000

Disposition: Settlement

Synopsis: DaimlerChrysler reached a settlement with the Justice Department and Environmental Protection Agency involving an estimated \$94 million in penalties and costs to repair defective anti-pollution equipment on 1.5 million Dodge and Jeep vehicles and settle charges the company failed to properly disclose the defects in violation of the Clean Air Act. An EPA investigation conducted with the California Air Resources Board found that a large percentage of catalytic converters on the vehicles were defective and that the engine diagnostic systems on some models failed to alert drivers to the problem. Under the settlement with the EPA and Justice Department, DaimlerChrysler agreed to extend the warranty on the catalytic converters, recall about 500,000 vehicles to fix a diagnostic system defect and check the catalytic converter, and improve procedures for reporting emission-control defects.

Moran v. Chrysler Corp. (Defective Seatbelt)

Date: 07/28/2000 (Date of Damage Award)

Misconduct Type: Consumer Affairs

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$6,700,000

Disposition: Judgment Against Defendant

Synopsis: The family of Bart Moran sued DaimlerChrysler in Texas state court, claiming Moran died in a traffic accident due to a defective seatbelt buckle in his Dodge Caravan. In June 2000, the jury found the buckle defective in its design and responsible for Moran's death, and the court awarded Moran's family \$6.7 million.

Jimenez v. Chrysler Corp. (Defective Door Latch)

Date: 10/08/1997 (Date of Jury Award)

Misconduct Type: Consumer Affairs

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: Undisclosed

Disposition: Settlement

Synopsis: In 1997, a jury in Charleston, S.C. awarded a record-setting \$262.5 million to the family of a 6-year-old boy who was killed when the rear latch on their Dodge Caravan minivan malfunctioned and caused him to be ejected from the vehicle during an accident. The jury award was overturned on appeal in 2001, and the case was later settled for an undisclosed amount.

Smith, et al. v. DaimlerChrysler Services North America (Equal Credit Opportunity Act Violation)

Date: 06/17/2005 (Date of Settlement)

Misconduct Type: Consumer Affairs

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$1,800,000

Disposition: Settlement

Synopsis: DaimlerChrysler settled a New Jersey federal class action lawsuit accusing its automobile financing division of having a policy or practice that resulted in African-Americans and Hispanics paying more for loans than white customers, in violation of the Equal Credit Opportunity Act (ECOA). Under the terms of the settlement, DaimlerChrysler agreed to limit the amount of markup on certain automobile loans, disclose to consumers that loan rates can be negotiated with the dealer, contribute \$1.8 million for consumer education programs on credit financing directed to African-American and Hispanic communities, and offer 875,000 pre-approved, no mark up offers of credit to African-Americans and Hispanics. DaimlerChrysler also agreed to reimburse plaintiffs for attorney fees and other costs and expenses.

D'Ulisse v. DaimlerChrysler Corp. (Asbestos)

Date: 11/22/2006 (Date of Verdict)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$25,000,000

Disposition: Judgment Against Defendant

Synopsis: Alfred D'Ulisse worked at a New York brake relining shop for many years. In 2004, he was diagnosed with mesothelioma, a form of cancer he alleged was caused in part by exposure to brake parts manufactured by DaimlerChrysler Corp. that contained asbestos. The jury returned a verdict in favor of D'Ulisse, finding that he was exposed to asbestos in DaimlerChrysler's old brake linings and that DaimlerChrysler was negligent and acted with reckless disregard for the safety of others in failing to provide warnings of the hazards of asbestos. The jury found DaimlerChrysler 10 percent at fault and awarded D'Ulisse \$25 million in damages. (Two other non-settling defendants were also found liable, but because those companies no longer exist and DaimlerChrysler was found to have acted with reckless disregard for the safety of others, DaimlerChrysler is responsible for the full amount of the verdict under New York law.)

Pending Instances

Foreign Corrupt Practices Act Violations

Date: 06/16/2007

Misconduct Type: Securities

Enforcement Agency: Multiple Agencies

Contracting Party: None

Court Type: Administrative

Amount: \$0

Disposition: Pending

Synopsis: The Securities and Exchange Commission and Department of Justice are investigating possible violations by DaimlerChrysler of the anti-bribery, record-keeping and internal control provisions of the Foreign Corrupt Practices Act ("FCPA"). DaimlerChrysler's internal investigation found improper payments were made in a number of jurisdictions around the world, and potential tax liabilities to tax authorities in several jurisdictions arising from misclassifications of, or the failure to record, commissions and other payments and expenses. DaimlerChrysler also determined that, for several years, a portion of the taxes related to compensation paid to expatriate employees was not properly reported.