Investor Relations Release

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DaimlerChrysler presents 2006 consolidated financial statements according to IFRS

- **New performance measure EBIT is of the same magnitude as operating profit (US GAAP)**
- **IFRS net profit in 2006 of €3.8 billion (US GAAP: €3.2 billion)**
- **Unchanged Group targets and performance measurement**
- **Interim Report Q1 2007 according to IFRS to be published on May 15, 2007**

Stuttgart - DaimlerChrysler (stock-exchange abbreviation DCX) today presented its 2006 consolidated financial statements according to International Financial Reporting Standards (IFRS).

Bodo Uebber, Board of Management member at DaimlerChrysler AG responsible for Finance & Controlling and Financial Services: “We have used the transition to IFRS to make our financial reporting even more transparent. At the same time, we have improved our internal information system.” The transition to IFRS does not change the divisions’ return targets or the Group’s performance measurement.

The performance measure operating profit, which was previously used to report the profitability of the Group and its divisions, has been replaced with EBIT (earnings before interest and taxes). As a measure of after-tax earnings, net profit is now used instead of net income. Unlike operating profit, EBIT can be directly derived from the income statement.

EBIT of €5.5 billion for the year 2006 is almost unchanged compared to the previous figure for operating profit. In terms of after-tax earnings, compared to US GAAP the change to IFRS leads to an increase of €0.6 billion to €3.8 billion, while earnings per share increase by €0.50. DaimlerChrysler presented its consolidated financial statements according to US GAAP in February.

Key figures

The tables in the appendix show the effects of the transition to IFRS on key figures for the year 2006.

In detail, **differences occur between IFRS and US GAAP** in the consolidated financial statements primarily in the following areas:

- Development costs
- Equity interest in EADS
- Pensions and similar obligations
- ABS transactions
- Provisions

Development costs

According to US GAAP, development costs are generally expensed in the same period that they are incurred. According to IFRS, however, some development costs are capitalized as intangible assets and amortized on a straight-line basis. In the 2006 consolidated financial statements, this change led to an increase in shareholders' equity of €5.1 billion compared to the US GAAP accounts. The impact on EBIT was immaterial.

EADS

The impairment of nearly €2 billion recognized on the book value of the Group's equity interest in EADS in 2003 according to US GAAP was not required under IFRS. Therefore, our EADS shareholding has a considerably higher valuation in the IFRS balance sheet at year-end 2006. Under both IFRS and US GAAP, EADS is shown in DaimlerChrysler's consolidated financial statements using the equity method after a three-month time lag. According to IFRS, important events such as the decisions by the EADS management in the fourth quarter of 2006 concerning the Airbus A380 and the Airbus A350 have to be reflected by DaimlerChrysler, with a resulting charge on earnings of €0.4 billion. Under US GAAP, there was no such effect in the fourth quarter of 2006 because the time-lag was to be observed. On balance, these two factors led to an increase in shareholders' equity of €0.8 billion in the IFRS consolidated financial statements for 2006 compared with the US GAAP accounts. EBIT is reduced by €0.8 billion primarily due to the aforementioned additional charge to earnings of €0.4 billion compared with US GAAP and because unlike operating profit, EBIT includes the after-tax equity-method result of EADS. Net profit is reduced by €0.5 billion.

Pensions and similar obligations

With regard to pension and healthcare plans, DaimlerChrysler decided in favor of the "fresh-start" option as of the date of transition to IFRS, January 1, 2005. This means that at that date, all of the actuarial gains and losses previously accumulated have been charged to equity. But this led to an only slight reduction in shareholders' equity of €0.8 billion in 2006, as due to a change in US GAAP, actuarial gains and losses are fully included in equity as of December 31, 2006 also according to US GAAP. However, in the 2006 IFRS income statement, this results in a positive impact on EBIT of €0.3 billion, because retroactive plan adjustments are always immediately entered in the income statement under IFRS, whereas under US GAAP they are distributed over the remaining service period. Earnings before taxes according to IFRS increased by €1.6 billion compared to US GAAP.

ABS transactions

Asset backed securities (ABS), which result mainly from the sale to institutional investors of receivables in the financial services business, are classified as "sold" under US GAAP and are not consolidated. But according to IFRS, they remain in the balance sheet. In the 2006 consolidated financial statements, this means that the balance sheet total is €21.7 billion higher than under US GAAP. In addition, the ABS items results in an increase in revenues of €0.9 billion.

Provisions

According to IFRS, long-term provisions are generally to be discounted and recognized at their present value if the effects of discounting are material. According to US GAAP, discounting is only allowed for certain types of provisions if the dates of the amounts and cash flows can be reliably determined. This changed treatment results in a reduction of €0.8 billion in provisions in the IFRS consolidated financial statements for 2006.

The change to IFRS also led to valuation differences concerning the early-retirement model commonly used in Germany, the so-called “Altersteilzeit”. Under US GAAP, the total payments due during the non-working phase are “saved” by gradually setting up provisions during the employment phase. Under IFRS however, provisions for the payments due during the non-working phase are set up in the full amount when the “Altersteilzeit” agreements are signed. In the IFRS consolidated financial statements, this resulted in a reduction of €0.5 billion in both shareholders’ equity while EBIT decreased by €0.5 billion.

These differences resulted in the following effects on key figures in 2006 under IFRS:

The substantial increase in the **balance-sheet total** to €218 billion was primarily due to consolidating the ABS transactions.

The **equity of the industrial business** increases to €28.6 billion, with a corresponding increase in the equity ratio to 27.2%. This was mainly caused by capitalizing development costs.

The **net liquidity of the industrial business** increases from €6.4 billion to €9.9 billion. One of the main reasons for this is that the residual-value guarantees for leased vehicles are no longer shown as financing liabilities, but under other financial liabilities due to their operating nature.

The **consolidated cash flow from operating activities** is slightly higher under IFRS than under US GAAP. There is a positive effect from the capitalization of development costs. On the other hand, there is a reduction in cash provided by operating activities because under IFRS the Group enters proceeds from the sale of vehicles with significant residual-value guarantees under cash provided by operating activities.

The increase in **net profit** to €3.8 billion compared with net income of €3.2 billion under US GAAP is primarily a result of the lower cost of pensions and similar obligations. On the other hand, there are higher expenses mainly due to the treatment of EADS, taxes and provisions for early retirement.

At the divisional level, the change to IFRS primarily affects the **Mercedes Car Group** and the **Truck Group**, whose revenues fall in 2006 compared to US GAAP. This is due to the altered allocation of effects from manufacturer leasing, that is, leasing vehicles to customers through the Financial Services division in Germany. With the use of IFRS, these vehicles are no longer regarded as being sold by the respective division. Instead, revenues are recognized on a pro-rata basis in line with the leasing payments over the period of the lease. This means that revenues and earnings are recognized within the divisions over the period of the leasing contracts. So this is only a timing difference and does not reflect any reduction in revenues from the operating business. There is no change in revenues at the Group level.

Additional information according to US GAAP

With its listing on the New York Stock Exchange, DaimlerChrysler continues to be subject to the rules of the US Securities and Exchange Commission (SEC). To the extent that is necessary, in the future the Group will therefore provide a reconciliation to US GAAP for net profit and shareholders’ equity in accordance with SEC disclosure rules.

The new accounting principles according to IFRS are to be applied on the basis of an EU directive for all capital-market oriented companies domiciled in member states of the European Union for financial years beginning on or after January 1, 2005. DaimlerChrysler and other companies that are listed on a stock exchange in the United States were allowed to postpone the compulsory use of IFRS until the year 2007.

DaimlerChrysler's full consolidated financial statements for 2006 according to IFRS are available on the Internet at http://www.daimlerchrysler.com/ifrs.

DaimlerChrysler will publish its interim report on the first quarter of 2007 according to IFRS on May 15, 2007.

This document contains forward-looking statements that reflect our current views about future events. The words "anticipate," "assume," "believe," "estimate," "expect,"" intend," "may," "plan," "project," "should" and similar expressions are used to identify forward looking statements. These statements are subject to many risks and uncertainties, including an economic downturn or slow economic growth, especially in Europe or North America; changes in currency exchange rates and interest rates; introduction of competing products and possible lack of acceptance of our products or services; competitive pressures which may limit our ability to reduce sales incentives and raise prices; price increases in fuel, raw materials, and precious metals; disruption of production or delivery of new vehicles due to shortages of materials, labor strikes, or supplier insolvencies; a decline in resale prices of used vehicles; the ability of the Chrysler Group to implement successfully its Recovery and Transformation Plan; the business outlook for our Truck Group, which may experience a significant decline in demand as a result of accelerated purchases in 2006 made in advance of the effectiveness of new emission regulations; effective implementation of cost reduction and efficiency optimization programs, including our new management model; the business outlook of our equity investee EADS, including the financial effects of delays in and potentially lower volume of future aircraft deliveries; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety, the resolution of pending governmental investigations and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading "Risk Report" in DaimlerChrysler's most recent Annual Report and under the headings "Risk Factors" and "Legal Proceedings" in DaimlerChrysler's most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward looking statements prove incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward looking statements. Any forward looking statement speaks only as of the date on which it is made.

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Earnings by Segments 2006

- in billion € -

	U.S. GAAP	IFRS	Change
Mercedes Car Group	2.4	1.8	-0.6
Chrysler Group	-1.1	-0.5	0.6
Truck Group	2.0	1.9	-0.1
Financial Services	1.7	1.6	-0.1
Van, Bus, Other	0.9	1.3	0.4
Eliminations/Reconciliation	-0.4	-0.6	-0.2
DaimlerChrysler Group	**5.5**	**5.5**	**-**

Revenues by Segments 2006

- in billions of € -

	U.S. GAAP	IFRS	Change
Mercedes Car Group	54.6	51.4	-3.2
Chrysler Group	47.1	47.0	-0.1
Truck Group	32.0	31.8	-0.2
Financial Services	17.2	16.0	-1.2
Van, Bus, Other	13.4	13.2	-0.2
Eliminations	-12.7	-6.6	+6.1
DaimlerChrysler Group	**151.6**	**152.8**	**+1.2**

Key Balance Sheet Figures

- in millions of € -

	December 31, 2006		
	U.S. GAAP	IFRS	Change
Group:			
Equity	34,155	37,449	3,294
Financial Liabilities [1)]	-78,584	-98,553	-19,969
Total Assets	190,022	217,634	27,612

Industrial Business:			
Equity	25,248	28,628	3,380
Equity Ratio [2)]	25.1%	27.2%	2.1%
Net Liquidity	6,400	9,861	3,461
Total Assets	94,541	99,427	4,886

[1)] US-GAAP: nominal value; IFRS: hedged nominal value

[2)] Excluding dividend payment

Key Profit Figures

- in millions of € -

	2006		
	U.S. GAAP	IFRS	Change
Revenues	151,589	152,809	1,220
Operating Profit / EBIT	5,517	5,489	-28
Net Income / Net Profit	3,227	3,783	556
EPS (€)	3.16	3.66	0.50