
DAIMLERCHRYSLER

**GERMAN CORPORATE
CONFERENCE 2007**

**Bodo Uebber
Member of the Board of Management
Finance & Controlling / Financial Services**

June 20, 2007

Q1/2007 HIGHLIGHTS

- **Unit sales down 5% to 1.1 million vehicles**
- **Revenues decreased by 6% to EUR 35.4 billion;**
Adjusted for exchange-rate effects and changes in the consolidated Group at last year's level
- **EBIT of EUR 2.0 billion (+73%), including:**
 - **EUR 914 million for Chrysler Group's Recovery and Transformation Plan**
 - **EUR 54 million related to the new management model**
 - **a gain of EUR 1,563 million from the transfer of interest in EADS**
- **Net profit more than doubled to EUR 2.0 billion**

KEY BALANCE SHEET AND FINANCIAL FIGURES

- in billions of EUR -	Dec. 31 2006	Mar. 31 2007
DaimlerChrysler Group		
▪ Equity ratio ¹⁾	16.5%	17.9%
▪ Gross liquidity	14.4	15.5
Industrial Business		
▪ Equity ratio ¹⁾	27.2%	29.2%
▪ Net liquidity	9.9	12.9
Funded Status		
▪ Pensions	(2.3)	(2.0)
▪ Healthcare	(14.1)	(14.0)
Free cash flow (January – March)		
▪ Group ²⁾	1.0	3.0
▪ Industrial business	1.1	2.9

1) Excluding dividend payment

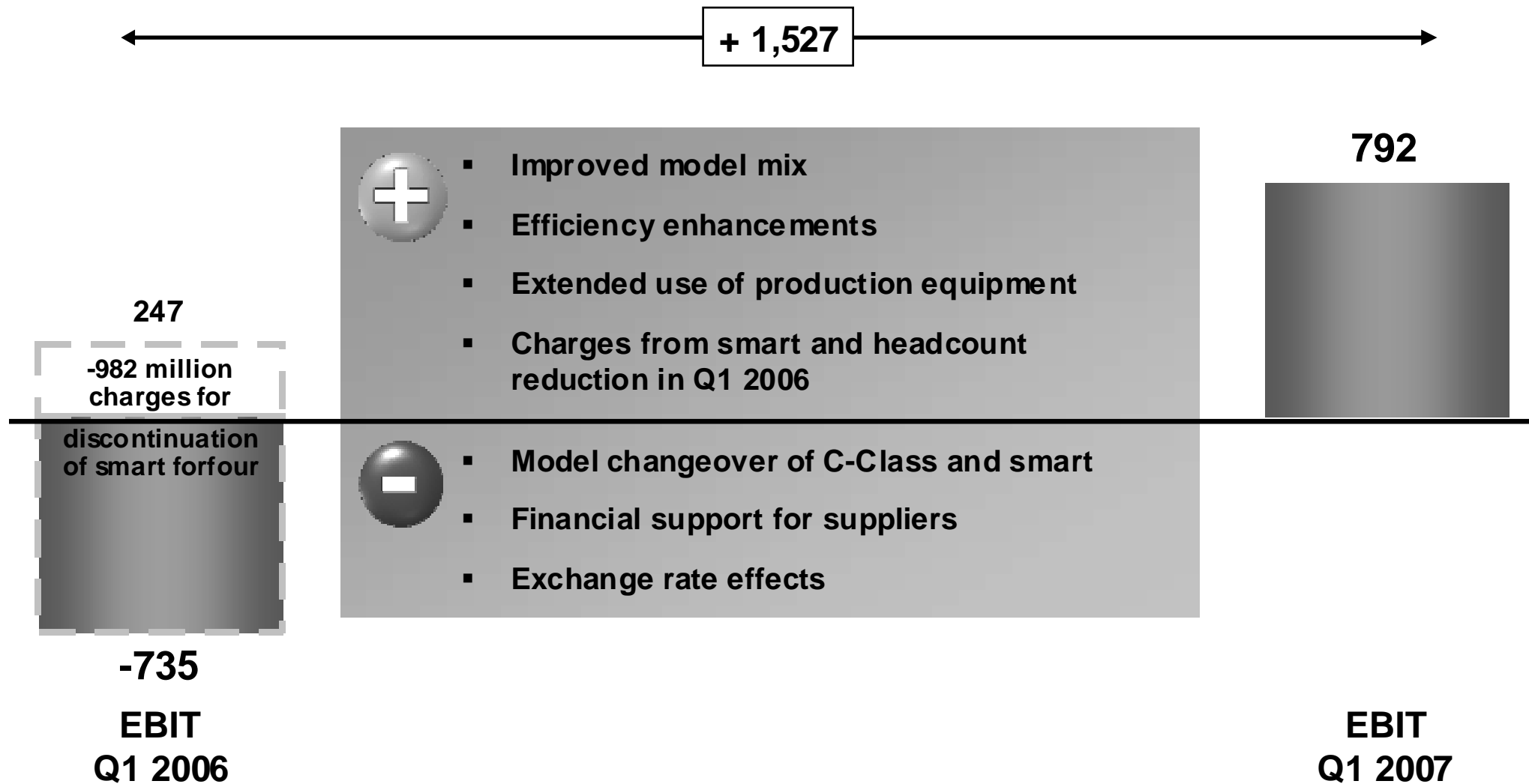
2) After net debt financing Financial Services

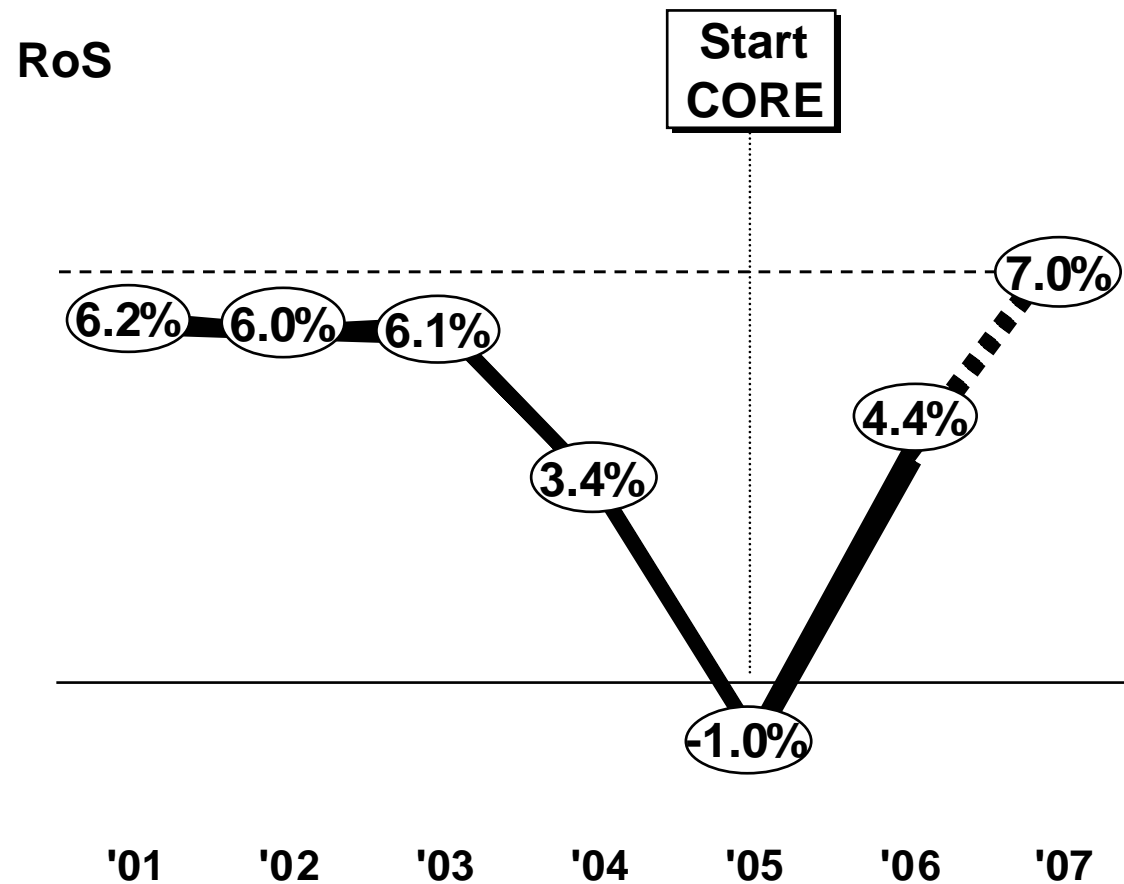
SUMMARY OF THE CHRYSLER GROUP TRANSACTION

- **Cerberus affiliate will acquire 80.1% equity interest in Chrysler Group and Chrysler-related financial services business for EUR 5.5 billion.**
- **EUR 4.5 billion of this will go into the new Chrysler Holding LLC; EUR 1.0 billion will go to DaimlerChrysler.**
- **Combined with a loan of EUR 0.3 billion and fixed compensation for Chrysler cash needs of EUR 1.2 billion until the closing, net cash outflow will total EUR 0.5 billion.**
- **Discharge of long-term liabilities of Chrysler Group will cause prepayment compensation of approx. EUR 650 million.**
- **Obligations for pensions and healthcare costs to be retained by Chrysler companies; DaimlerChrysler will provide a \$1 billion guarantee to be paid into the pension plans in the event that the pension plans terminate within the next five years.**
- **DaimlerChrysler's net profit according to IFRS in 2007 to be reduced in a range of EUR 3 to 4 billion**
- **Closing of the transaction is expected to take place in Q3/2007**

SIGNIFICANT GROWTH IN EBIT

– in millions of EUR –



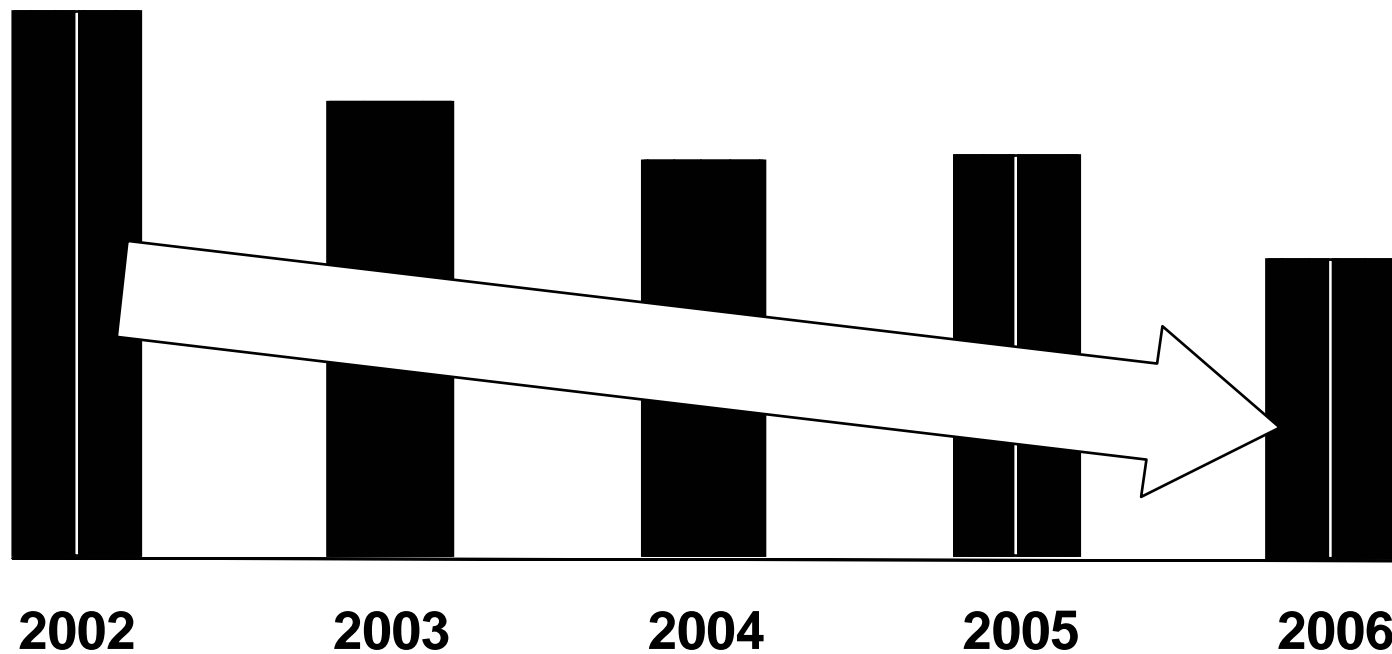
TARGET: ACHIEVE MORE THAN 7% RoS IN 2007**Major levers**

- **CORE**
 - Production & material efficiency
 - Quality
- **Module strategy**
- **Brand positioning**
- **Customer care & future growth**

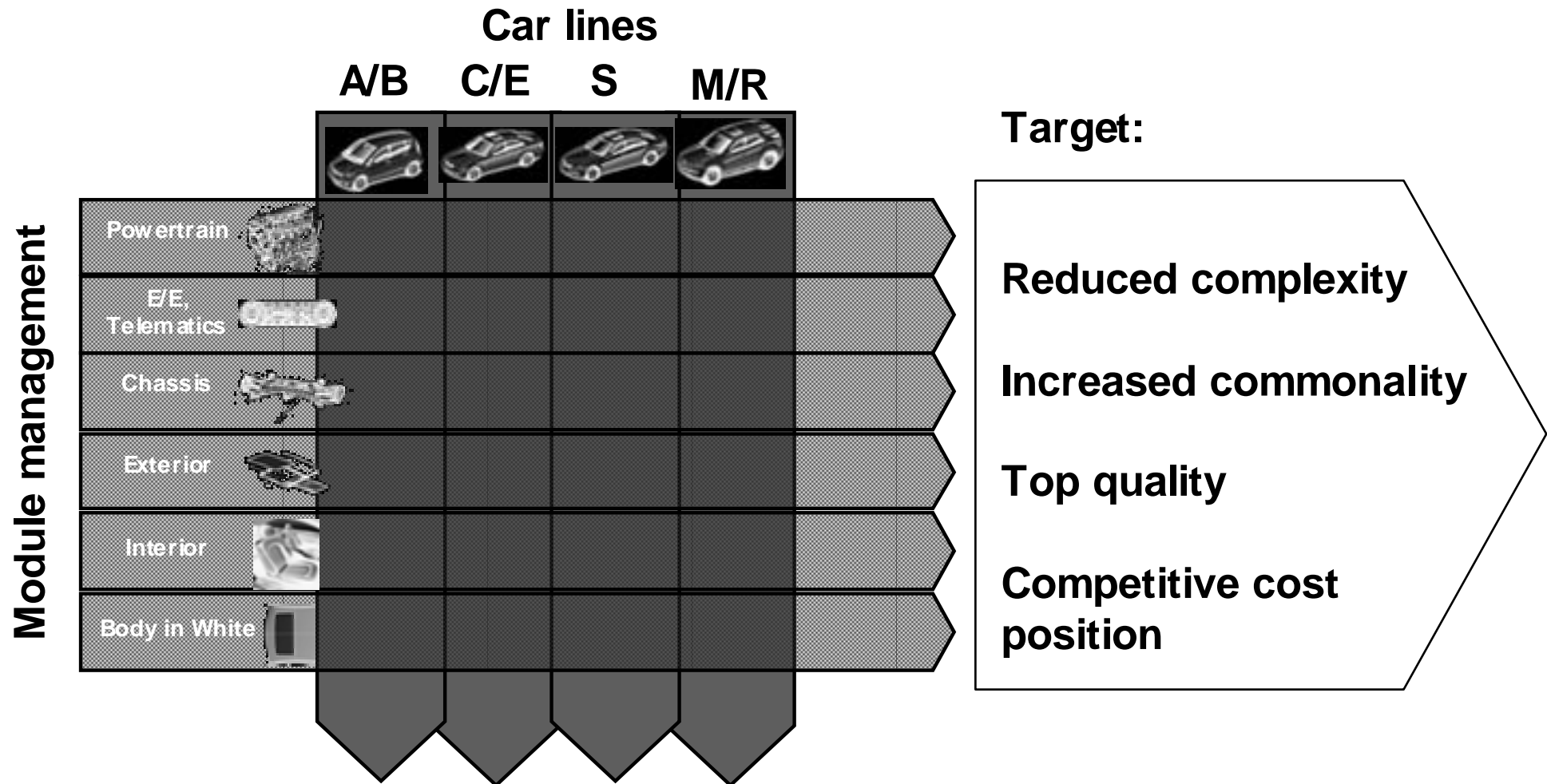
Note: RoS as reported

PRODUCT QUALITY: SIGNIFICANT IMPROVEMENT

Failures/100 Vehicles ("12 Months in Service")



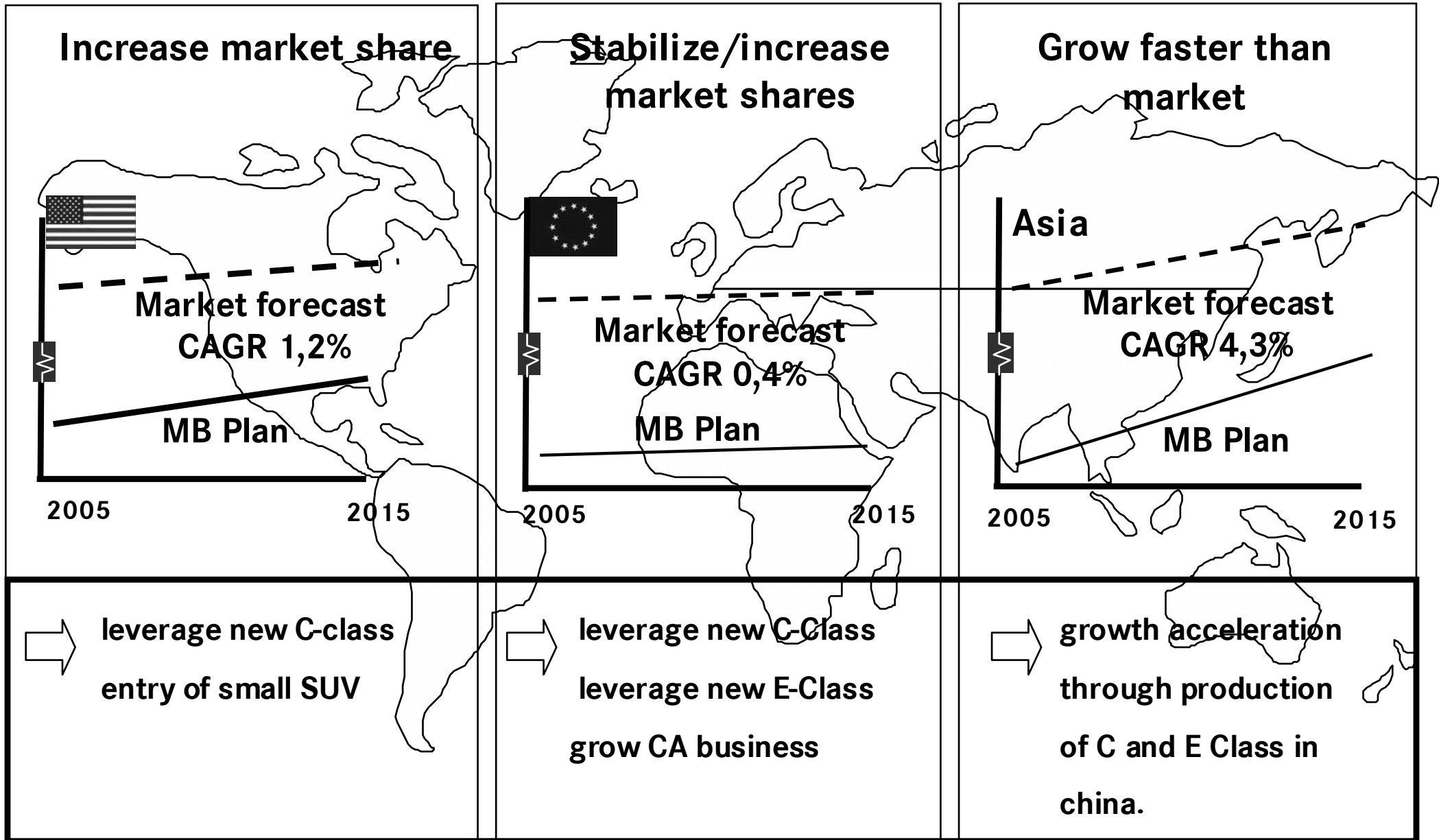
MODULE STRATEGY: FROM CAR LINE SPECIFIC ORGANIZATION TO CROSS-MODULAR ORGANIZATION



GROWTH: FUELED BY SHARPENED BRAND POSITIONING AND IMPROVED CUSTOMER CARE



REGION SPECIFIC GROWTH STRATEGIES



CHALLENGES SMART: MIDTERM GROWTH STRATEGY BASED ON TWO PILLARS

Product Extension



- Introduction of alternative drive-train concepts (e.g. bSG, CNG, EV)
- Usage of attractive editions and special models to reinforce unique brand positioning and generate additional volume

Regional Extension



- Market entry USA as main volume driver
- Organic growth through full leverage of sales potential of existing core markets
- Evaluation of new market entries (e.g. China and Russia)

NEW PRODUCTS



**C-Class
Elegance**



**C-Class
Avantgarde**



smart fortwo

NEW PRODUCTS TO COME



**C - Class
Station Wagon
(Fall 2007)**



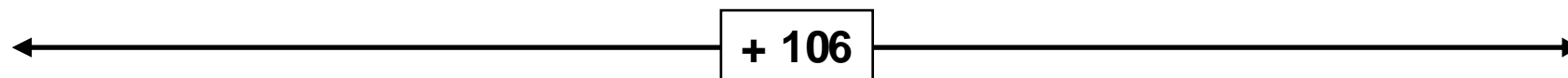
**Small
SUV
(2008)**



**New E - Class
(2009)**




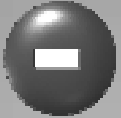
HIGHER EARNINGS DUE TO HIGHER VOLUME IN EUROPE / LATIN AMERICA AND EFFICIENCY IMPROVEMENTS

– in millions of EUR –



422



-  Further efficiency enhancements
-  Higher volume in Europe and Latin America
-  Extended use of production equipment
-  Exchange-rate effects

528

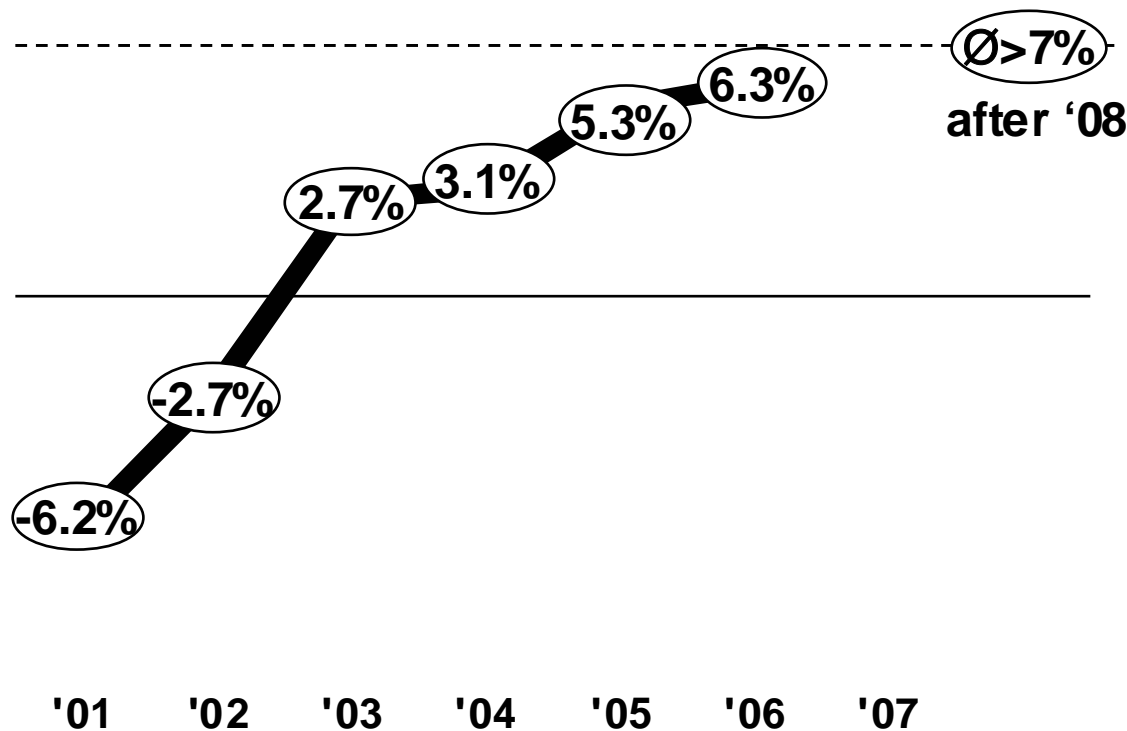


EBIT
Q1 2006

EBIT
Q1 2007

TARGET: RoS OF AT LEAST 7% AND RoNA OF 30% OVER THE CYCLE

RoS

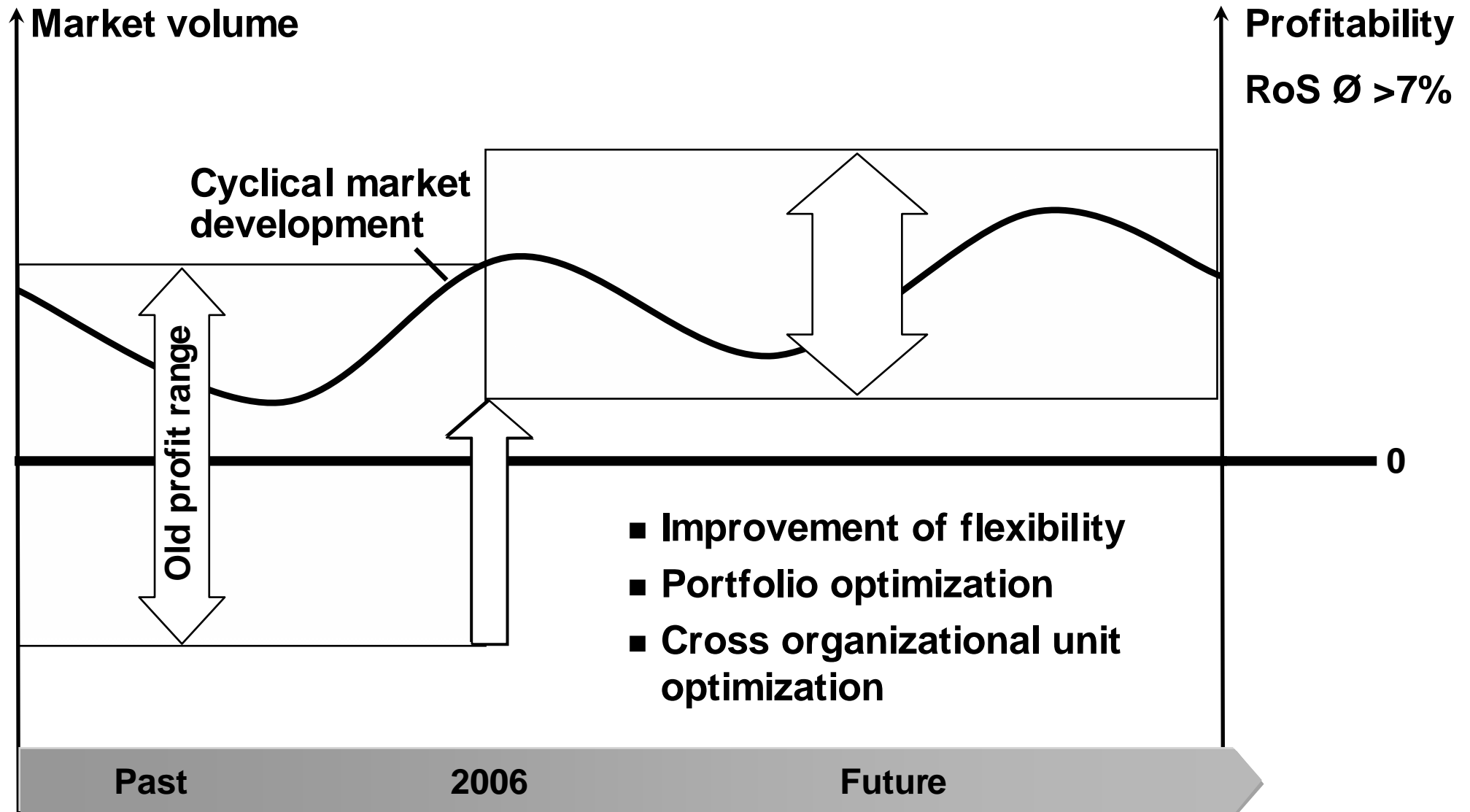


“Global Excellence” as major lever

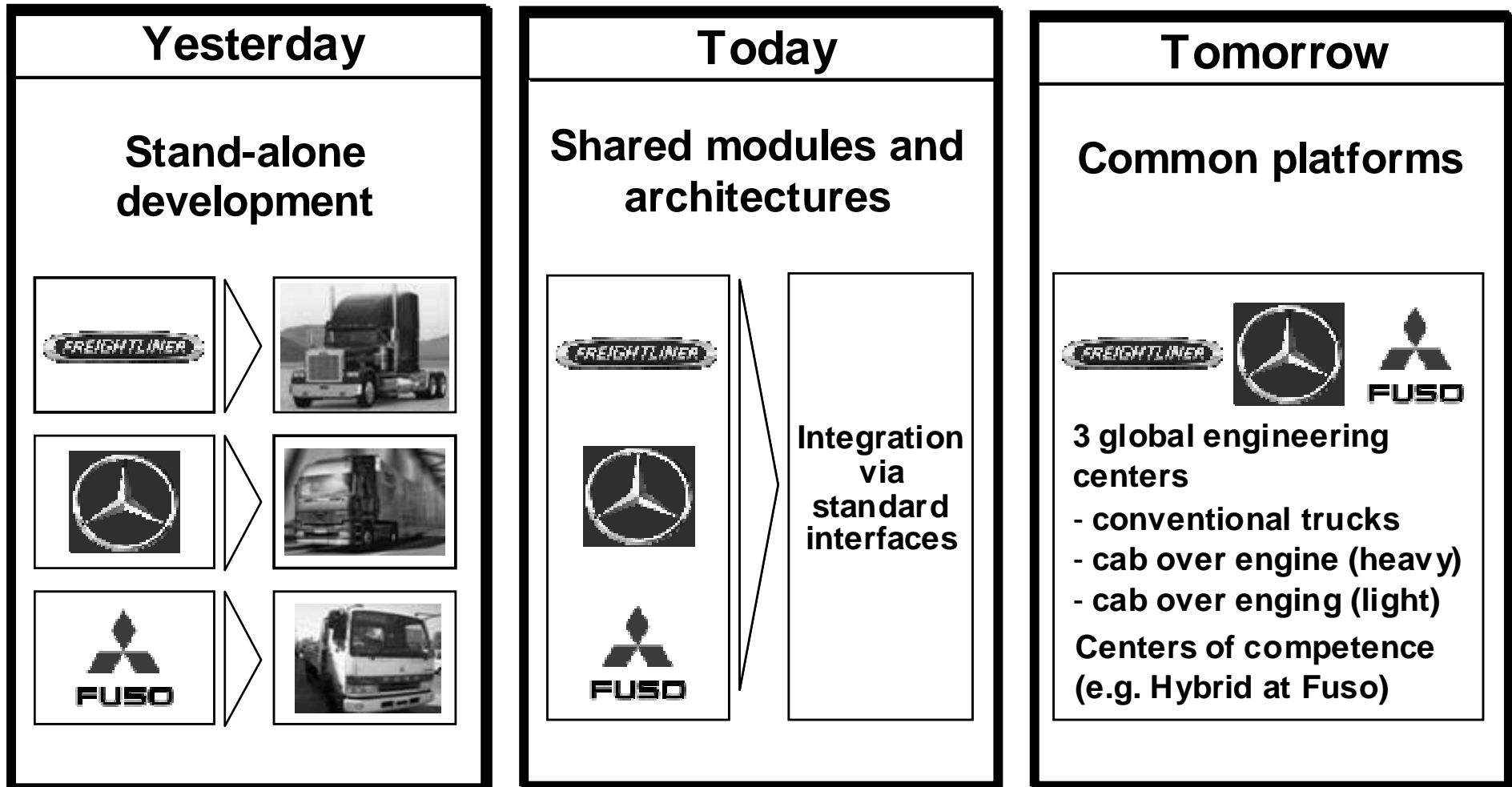
- Management of cycles
- Operational excellence
- Market penetration & growth
- Future products

Note: RoS as reported

MANAGEMENT OF CYCLES: SUSTAINABLE PROFITABILITY IMPROVEMENT



OPERATIONAL EXCELLENCE: MANAGE COMMON PLATFORMS



MARKET PENETRATION AND GROWTH

Traditional markets

- Europe: Truck Dedication
- NAFTA: Product/market approach Sterling
- Fuso: International markets



Dedicated downstream activities

Enhance product portfolio

Emerging markets

- China
- India
- Eastern Europe



Tailor business model to market (esp. sales & after sales)

Adapt products to region

NO. 1 IN DIESEL TECHNOLOGY AND SAFETY



EPA '07

EURO 5

Japan '09

**Clean Diesel Technology
(e.g. BLUETEC)**

Mercedes-Benz Safety Technology

NEW PRODUCTS



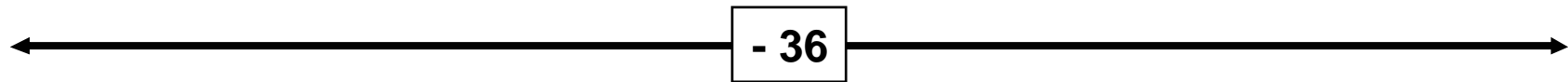
**Sterling
Bullet**

**Freightliner
Cascadia**

**Mercedes-Benz
Axor BLUETEC 5**


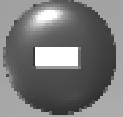
EXCHANGE RATE EFFECTS AND HIGHER COST OF RISK LARGELY OFFSET BY GROWTH IN PORTFOLIO

– in millions of EUR –

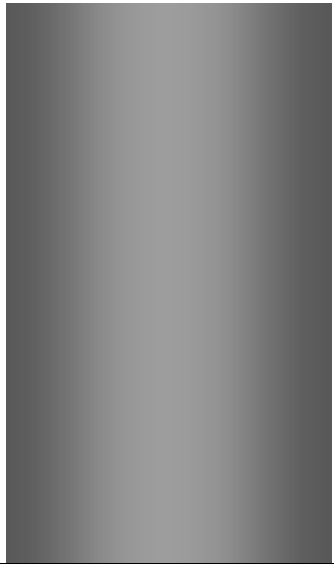


455



- 
 - Slight increase in contract volume (adjusted for exchange rate effects)
 - Efficiency enhancements
- 
 - Appreciation of the euro against the US dollar
 - Higher cost of risk

419

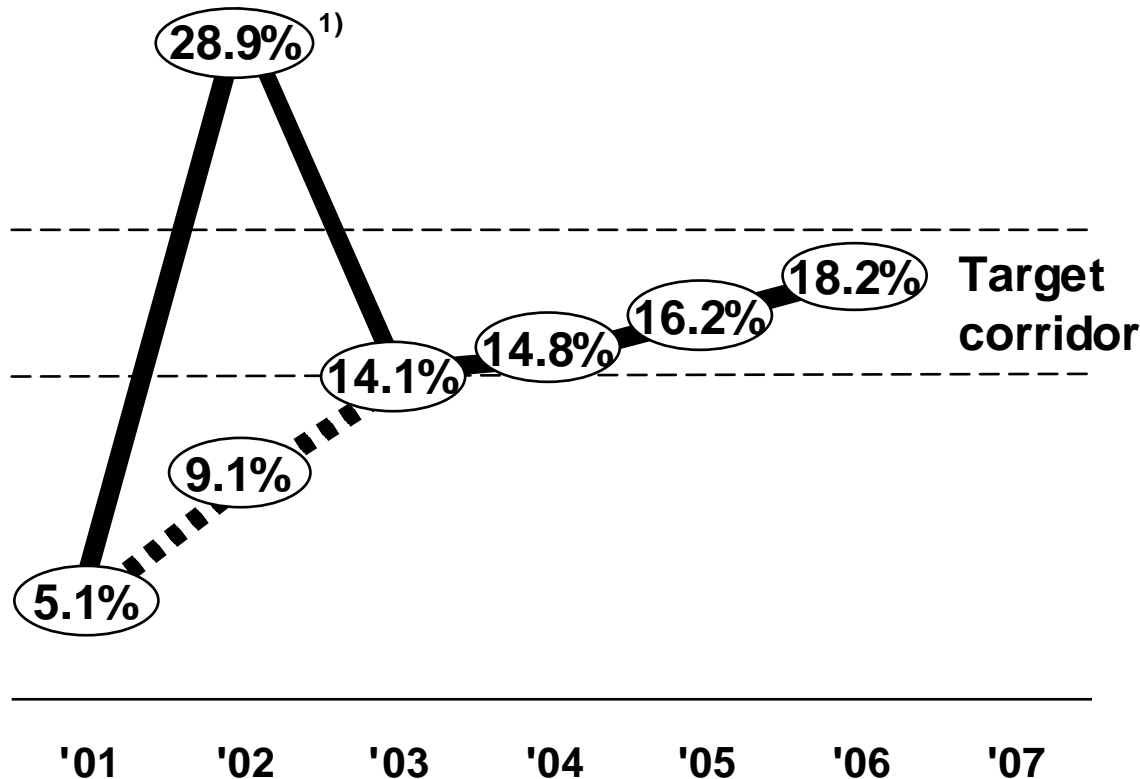


EBIT
Q1 2006

EBIT
Q1 2007

TARGET: MAINTAIN HIGH PROFITABILITY IN CHALLENGING BUSINESS ENVIRONMENT

RoE



Major levers

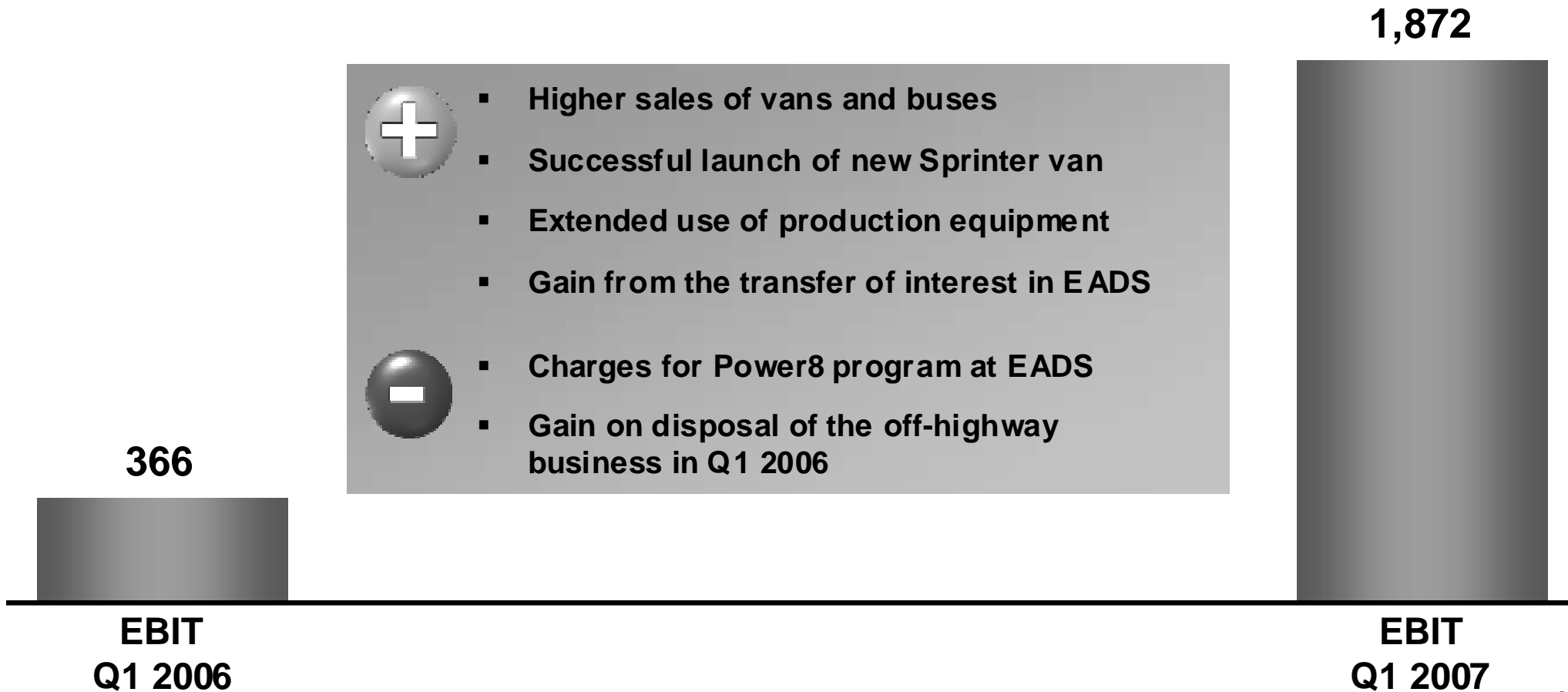
- Brand support
- Operational excellence
- Regional initiatives and best practices

Note: RoE as reported

1) Incl. sale of IT Services

GAIN FROM THE TRANSFER OF INTEREST IN EADS

– in millions of EUR –



MAJOR LEVERS FOR INCREASED PROFITABILITY

Vans

- Global presence
- Product-related efficiency programs

Buses

- Secure No. 1 position
 - Product leadership
 - Efficiency improvement

PRODUCTS

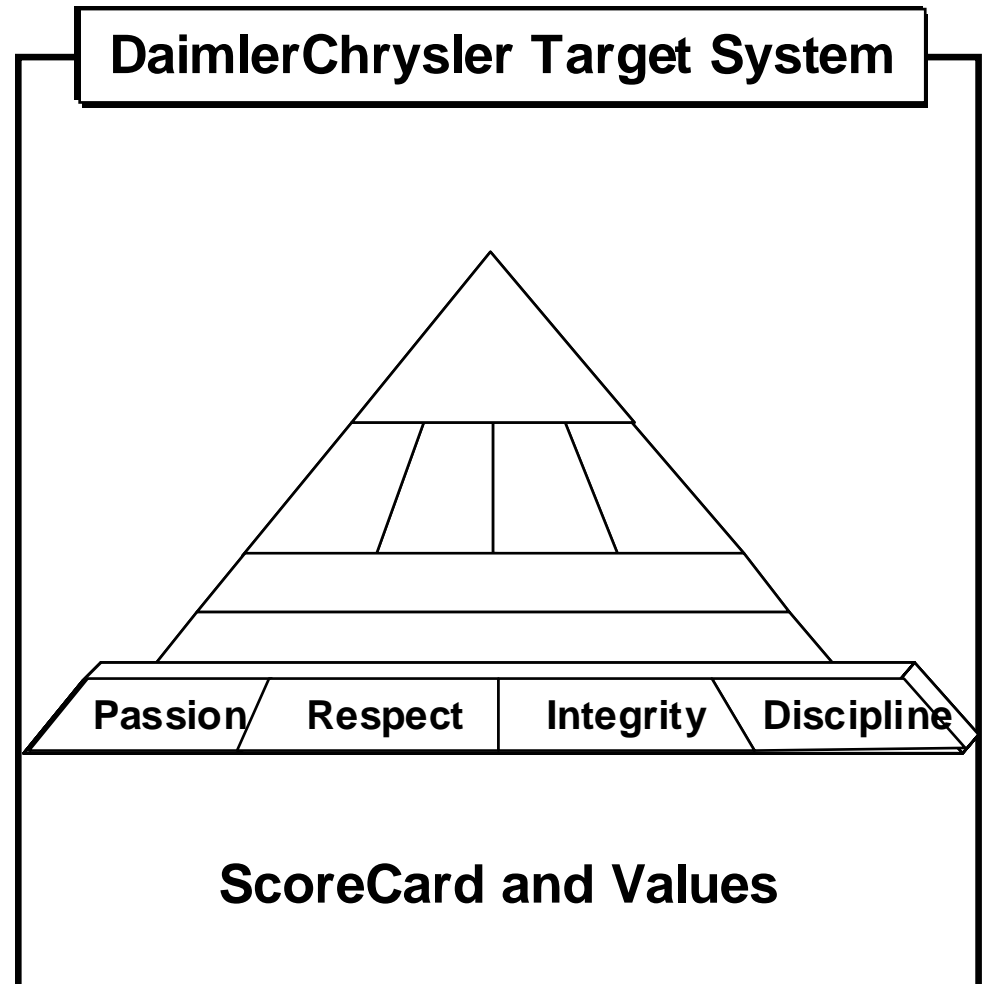
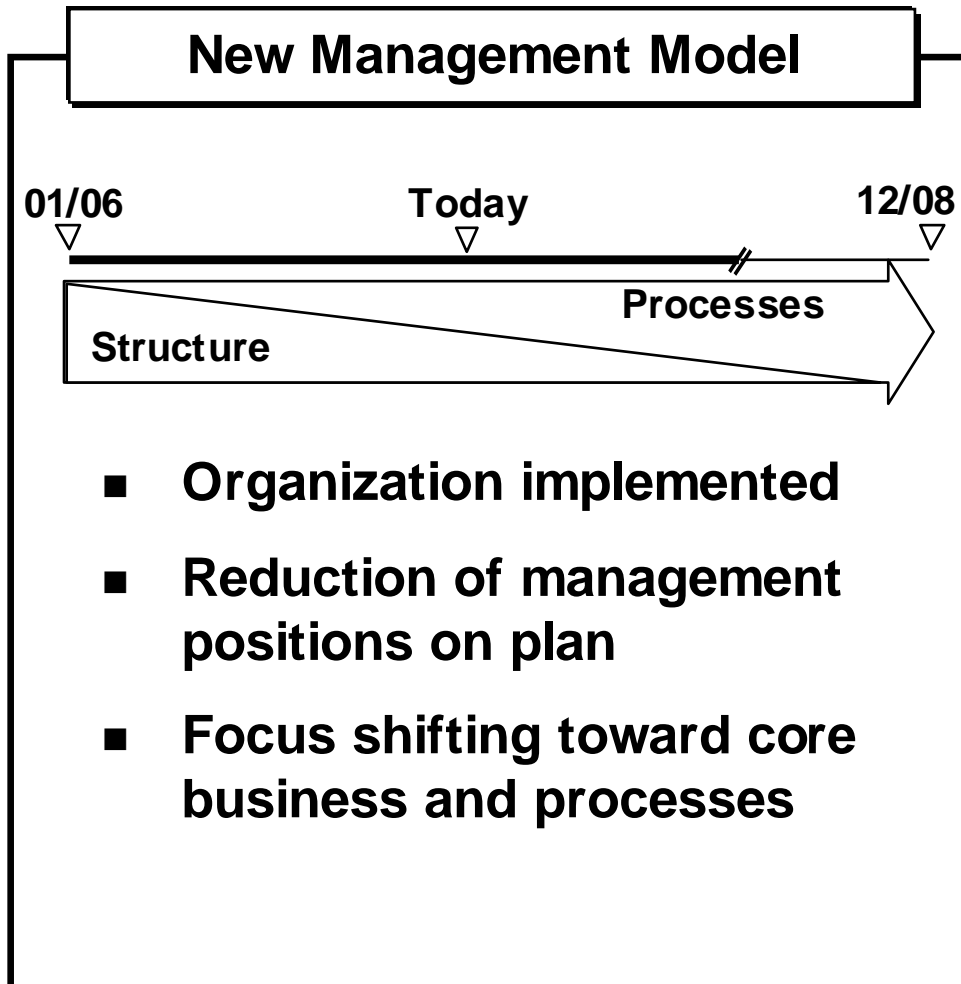


**Setra
Multi Class**

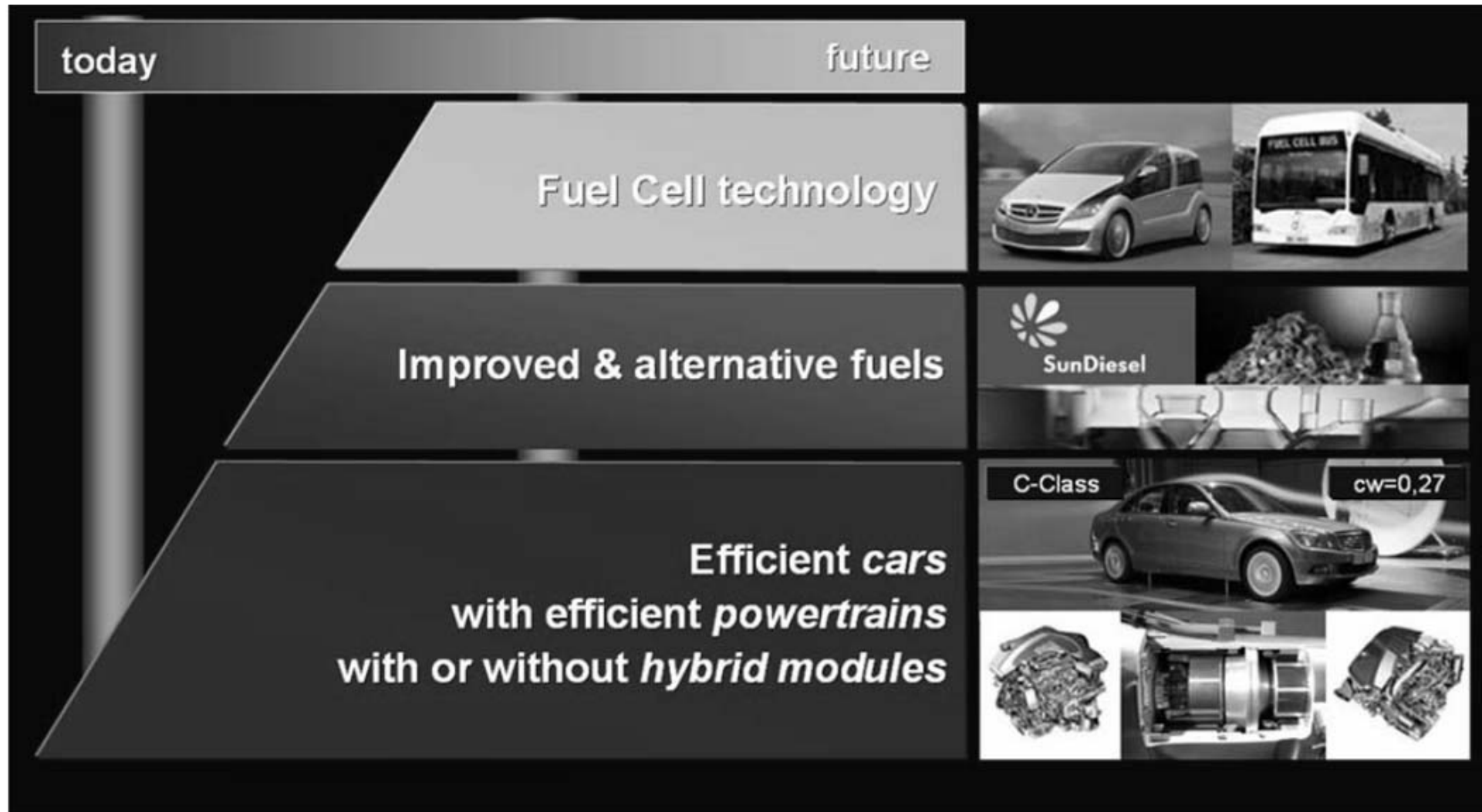
**Mercedes-Benz
Tourismo**

**Mercedes-Benz
Sprinter**

CREATING A HIGH PERFORMANCE ORGANIZATION



ROAD TO SUSTAINABLE MOBILITY AND CO₂-REDUCTION



EARNINGS OUTLOOK 2007

- **Mercedes Car Group expects to achieve more than 7% ROS.**
- **EBIT at Chrysler Group is expected to be negative at EUR 1.6 billion, including charges of EUR 1.0 billion for the Recovery and Transformation Plan.**
- **The Truck Group earnings will be below 2006 level due to lower volume in major markets. However, it expects to be well above its costs of capital.**
- **Financial Services will continue to support Group sales and aims to achieve a return on equity of more than 14%.**
- **Group EBIT expected at EUR 7 billion, including**
 - **A gain of EUR 1.6 billion from the transfer of interest in EADS**
 - **Charges of EUR 1.0 billion for the Recovery and Transformation Plan**
 - **Charges of EUR 0.6 billion related to the new management model**
- **The Group guidance is based on the current structure and does not yet include the future concept for the Chrysler Group and the realignment of DaimlerChrysler AG.**

PRIORITIES FOR THE COMING YEARS

Summary



**Mercedes
Car Group**

Sustain momentum to first achieve and then exceed 7% RoS



**Truck
Group**

Further optimize cycle management; capitalize on growth in emerging markets



**Financial
Services**

Score globally with regional initiatives & operational excellence

THE 'NEW DAIMLER' WILL STAND ON A VERY SOLID FOUNDATION

- **The new Daimler will be committed to excellence in all its activities**
- **Our aim is to generate substantial profitable growth:**
 - **First: Further grow core business in traditional market segments and exploit new market opportunities on a regional basis.**
 - **Second: Further develop innovative, customer-oriented and tailor-made services and other activities, pursuing opportunities both up and down the value chain.**
 - **Third: Strengthen leadership in areas such as sustainable, environmentally friendly and related technologies.**



This will provide for premium profits on an ongoing basis

DISCLAIMER

This document contains forward-looking statements that reflect our current views about future events, including, among others, the pendency and consummation of the transaction with Cerberus Capital Management, L.P. regarding Chrysler Group. 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; our ability to close the transaction with Cerberus Capital Management, L.P., regarding Chrysler Group; 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.

SPECIAL ITEMS AFFECTING EBIT

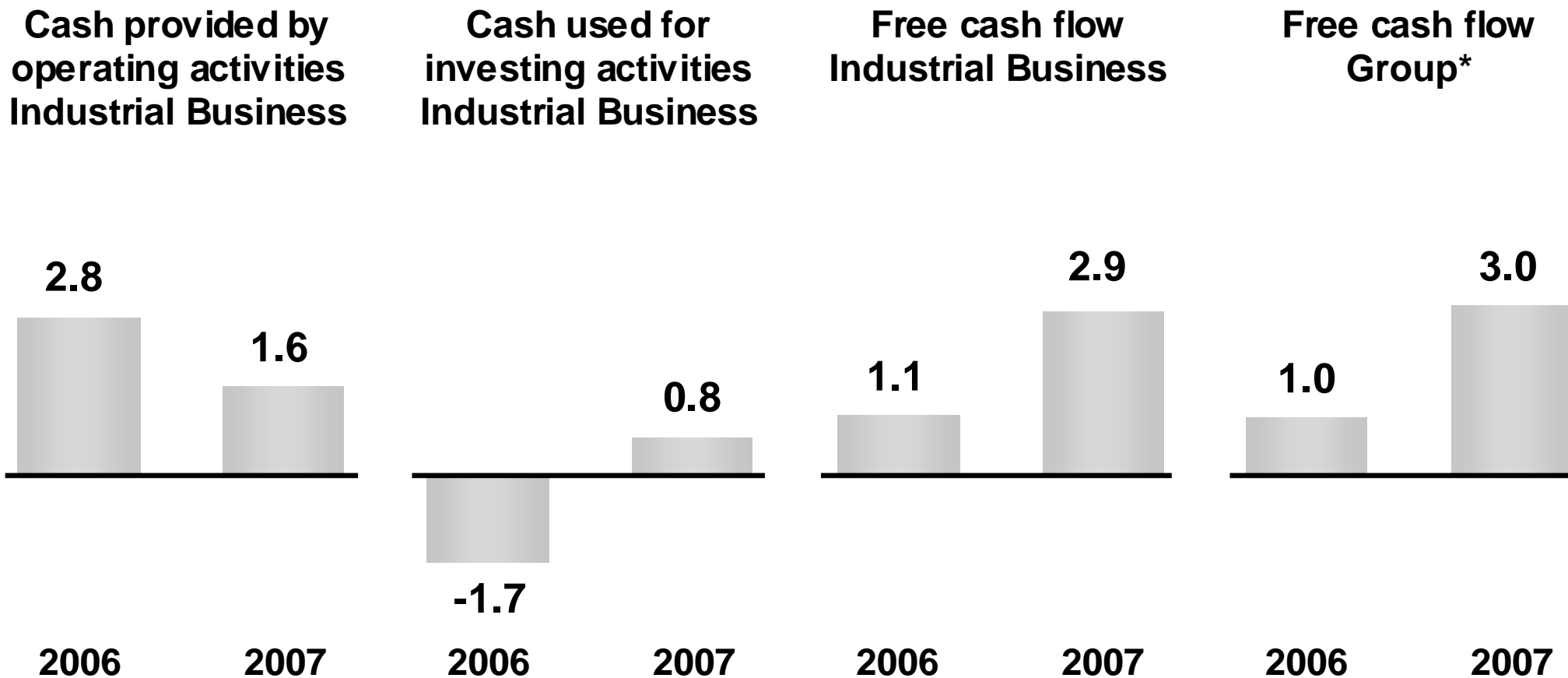
		1st Quarter	
		2006	2007
- in millions of EUR -			
MCG	Financial support for suppliers	-	(82)
	Discontinuation of smart forfour	(982)	-
	Headcount reduction in the context of CORE	(203)	-
CG	Implementation of the Recovery and Transformation Plan	-	(914)
	Financial support for suppliers	(15)	(38)
	Changes in healthcare benefits	390	-
VBO	Transfer of interest in EADS	(58)	1,563
	Restructuring program at EADS	-	(114)
	Disposal of off-highway business	238	-
Recon.	New Management Model	-	(54)

STATUS OF PENSIONS AND POSTRETIREMENT HEALTH CARE BENEFITS

	Pensions		Health Care	
	Dec. 31 2006	Mar. 31 2007	Dec. 31 2006	Mar. 31 2007
- in billions of EUR -				
Benefit obligations	(37.5)	(37.4)	(17.3)	(17.2)
Plan assets	35.2	35.4	1.9	1.9
Sub-total	(2.3)	(2.0)	(15.4)	(15.3)
Reimbursement Medicare Act	-	-	1.3	1.3
Funded status	(2.3)	(2.0)	(14.1)	(14.0)

CASH FLOW FIGURES FOR THE PERIOD FROM JANUARY THROUGH MARCH

– in millions of EUR –



*) After net debt financing Financial Services