DaimlerChrysler

UPDATE ON CHRYSLER GROUP

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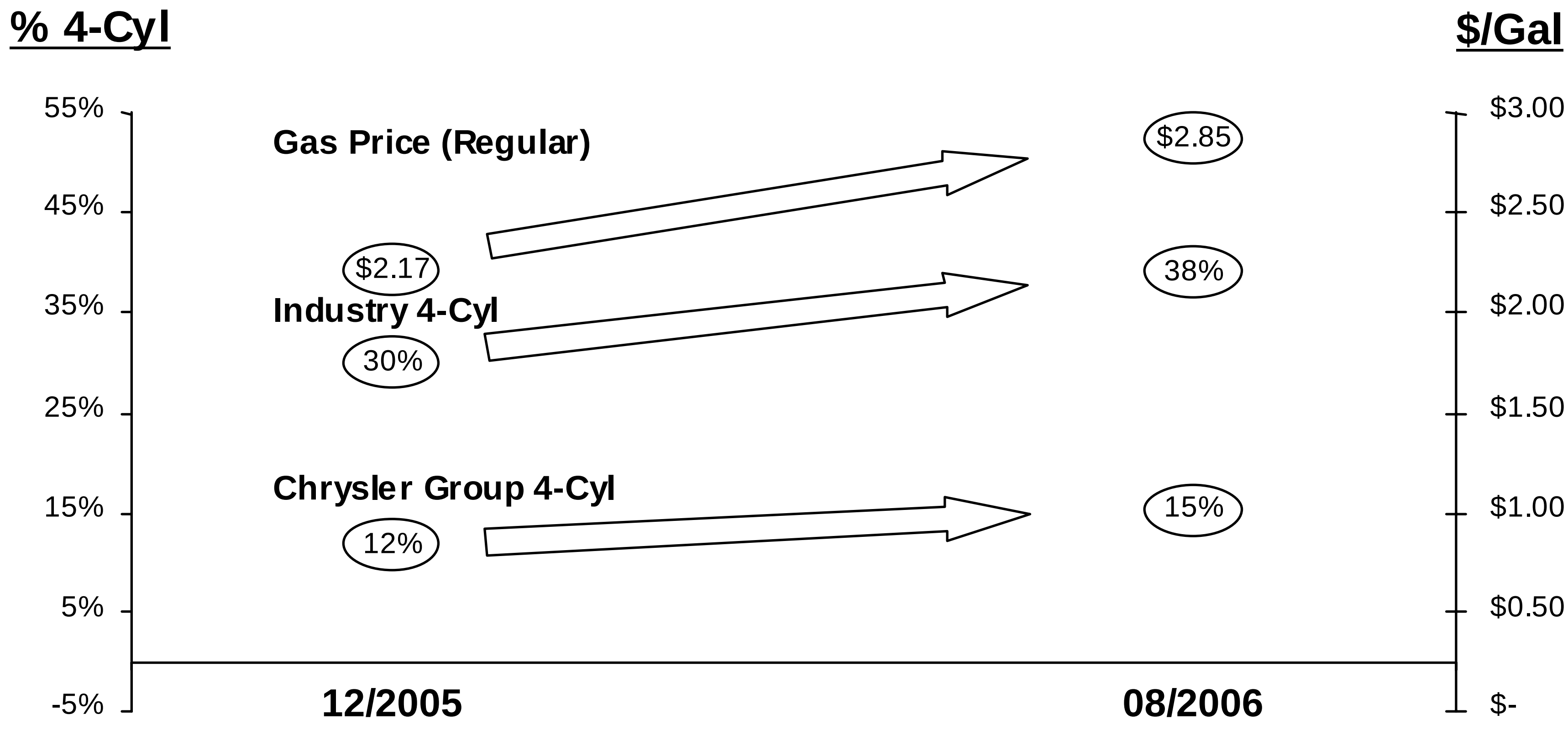
HIGHER FUEL PRICES HAVE INCREASED THE MIX OF 4-CYLINDER VEHICLE SALES. CHRYSLER GROUP'S MIX HAS ALSO INCREASED, BUT REMAINS RELATIVELY LOW



Source: Power Information Network (PIN)

INDUSTRY SEGMENT SALES MIX IN 2006 HAS ALSO SHIFTED AWAY FROM CHRYSLER GROUP'S PRODUCT MIX

	Industry % of Total	% Change Year-over-Year
PICKUP	17%	↓ 14%
SUV	22%	↓ 9%
MINIVAN	6%	↓ 9%
SP. TOURER	4%	↑ 15%
CAR	46%	↑ 2%
OTHER	5%	↑ 4%
TOTAL	100%	↓ 4%

Represents 71% of Chrysler Group sales

CHRYSLER GROUP'S SHARE IN THE TRUCK AND SUV SEGMENTS HAVE REMAINED RELATIVELY STABLE; HOWEVER, MINIVAN SHARE HAS DECLINED.

Year-over-Year Change

	Pickup	SUV	Minivans
Retail of Retail Share	↑ 0.2 ppt	↓ (0.4) ppt	↓ (1.3) ppt

	Large pickup	Full-size SUV
Memo:	↑ 0.9 ppt	↑ 1.1 ppt

BOTH GM AND FORD LAUNCHED AGGRESSIVE 0% FINANCING PROGRAMS DURING JULY AND AUGUST. CHRYSLER GROUP ELECTED NOT TO FOLLOW

JULY	AUGUST	SEPTEMBER

0% for 72mo.

GM increases incentive spend by approx $1,000 unit in the beginning of July

0% for 72mo.

Ford follows with similar program, end of August

CHRYSLER GROUP – WHAT CHANGED SINCE JULY?

- The Chrysler Group's prior plan was to reduce dealer inventories during the 3rd quarter from 645,000 units to around 600,000 units. Their current plan is to reduce inventories substantially further.
- The U.S. market shift towards smaller vehicles that started in the 2nd quarter continued into the 3rd quarter. The Chrysler Group's dealer inventory mix (i.e. light-duty trucks and SUV's) was not well-balanced to match this sales environment. Also, key competitors made significant price reductions (particularly on light trucks and SUV's) in July and August.
- The lower U.S. retail sales combined with the decision to reduce and better align dealer inventories with customer demands (i.e. better mix and lower levels) will result in a 3rd quarter shipment reduction of approximately 90,000 units (mostly high margin trucks and SUV's).

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SHIPMENT REDUCTIONS PLUS ECONOMIC HEADWINDS LED TO AN INCREASED LOSS PROJECTION FOR THE 3rd QUARTER

	3rd Quarter			
	Prior Plan	Current Plan		
Retail of Retail Share	11.2%	10.6%	= 20k ↓	Sales
Retail Shipments (000)	380	290	= 90k ↓	Shipments
Dealer Inventory at Sep 30 (000)	Approx. 600	Low to Mid 500's		
Operating Profit (€ bn)	(0.5)	(1.2)		

FOR THE YEAR, THE CHRYSLER GROUP REVISED ITS OUTLOOK FROM BREAKEVEN TO € (1.0Bn)

	2nd Half 2006			
	Prior Plan	Current Plan		
Retail of Retail Share	12.6%	11.7%	= 75k ↓	Sales
Retail Shipments (000)	840	705	= 135k ↓	Shipments
Dealer Inventory at Year-End (000)	Approx. 580	Low 500's		
Operating Profit Full-year (€ bn)	Breakeven	(1.0)		

CHRYSLER GROUP – THE ROAD AHEAD

4th Quarter 2006:

- Lower inventory levels will reduce dealer inventory carrying costs and allow room for new products that are expected to better match U.S. customers' shifting demands.
- Shipments in the 4th quarter are expected to increase over the 3rd quarter because of these new products and a more balanced inventory (i.e. lower overall levels combined with a better mix).
- Chrysler Group is working with its supplier base to pursue material cost reductions and continue tight control over fixed costs.

CHRYSLER GROUP – THE ROAD AHEAD

2007 and Beyond:

- The annualized impact of the new products that will be launched in late 2006 are expected to increase overall sales volume in 2007.
- With the Chrysler Group's recently announced vehicle production in China and their many new entries in most of the international markets that they compete, sales are expected to grow.
- The Chrysler Group is currently examining all stages of the value chain, including structural costs, and will make appropriate adjustments if deemed necessary.
- We will address Chrysler Group's noncompetitive health care and legacy costs for both active employees and retirees in the U.S.

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