DAIMLERCHRYSLER

CORPORATE PRESENTATION

September 2006

Bodo Uebber

Member of the Board of Management
responsible for Finance & Controlling and Financial Services

DAIMLERCHRYSLER

AGENDA

1 **Financial Performance Q2 2006, Chrysler Update and Outlook 2006**

2 **Strategic Direction of the Group**

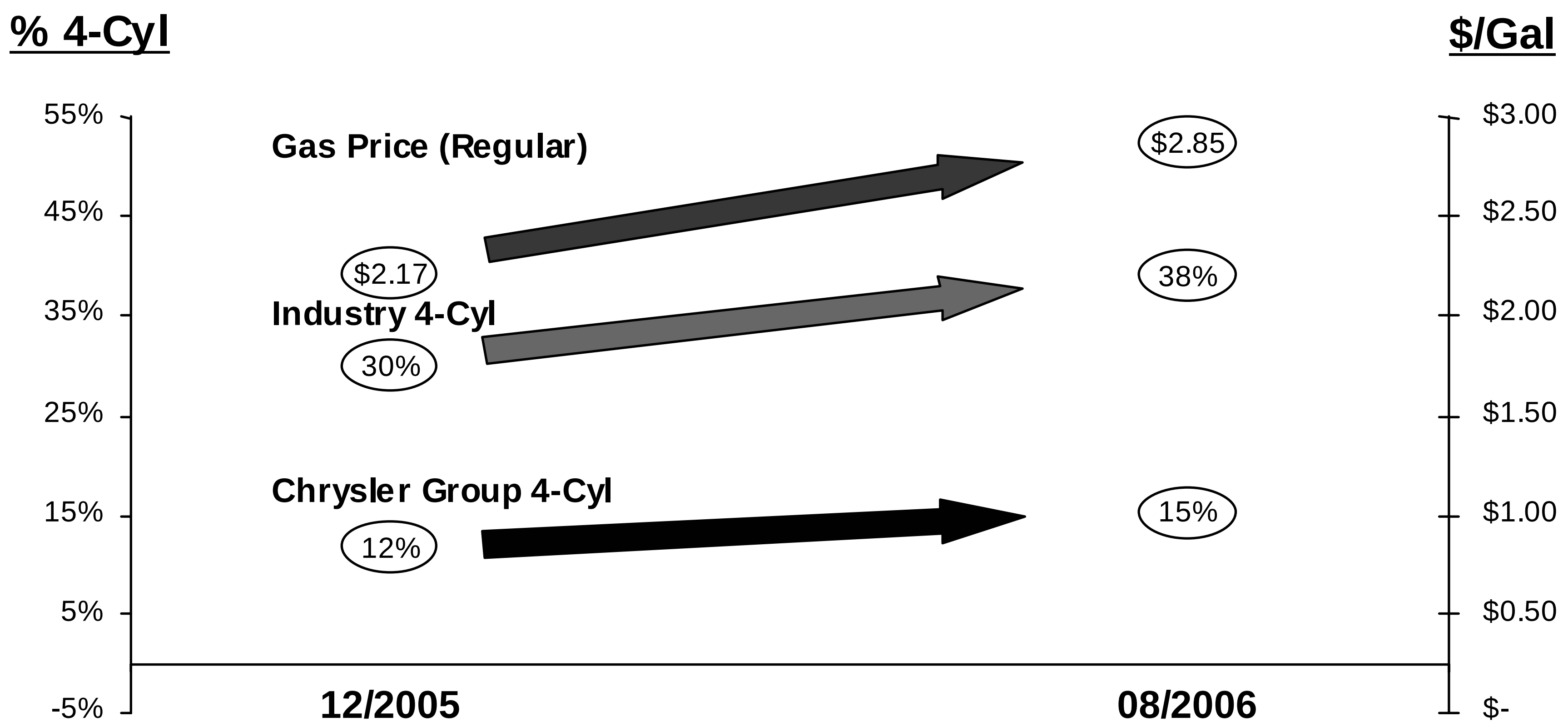
3 **Divisional Development and Prospects**

KEY FINANCIAL FIGURES Q2 2006

– in billions of EUR –

	Q2 2005	Q2 2006
Unit Sales (in thousands of units)	1,335	1,290
Revenues	38.4	38.6
Operating Profit	1.7	1.9
Net Income	0.7	1.8
Earnings per Share (in EUR)	0.73	1.77
Free Cash Flow Industrial Business (Jan. - June)	2.2	1.6

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

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

0% for 72mo.

Ford

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).

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)	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 €(1.0B)

2nd Half

	Prior Plan	Current Plan		
Retail of Retail Share	12.6%	11.7%	= 75k ↓	Sales
Retail Shipments (000)	840	705	=135k ↓	Shipments
Dealer Inventory at Sep 30 (000)	580	Low 500's		
Operating Profit (€ bn)	Break even	(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.

SALES OUTLOOK 2006

- The Mercedes Car Group expects unit sales at least as high as in 2005, while the model mix is expected to improve.

- Chrysler Group's shipments will be lower than last year because of current market conditions in the U.S.

- The Truck Group anticipates unit sales at the prior year's level, reflecting pull-forward effects from upcoming stricter emission regulations in Europe, the United States and Japan.

DIVISIONAL EARNINGS OUTLOOK 2006

- The Mercedes Car Group expects further improvements in operating profit for the next quarters and is thus on track to achieve its 7% RoS target in 2007.
- At Chrysler Group launch costs, further reduced production and shipment levels together with higher marketing costs are expected to cause an operating loss of EUR 1.2 billion in Q3 2006. In Q4 the Chrysler Group strives to achieve positive results. For the full-year 2006 Chrysler Group is expected to post an operating loss of approximately 1.0 billion Euros
- The Truck Group should continue to achieve a high level of earnings, due to strong markets and efficiency-improvement programs.
- Financial Services expects to continue its stable business and earnings development. However, rising interest rates will be a challenge.

GROUP PROFIT OUTLOOK 2006

- The DaimlerChrysler Group expects an Operating Profit in the magnitude of EUR 5 billion.

- This guidance includes:
  - charges of EUR 1 billion for focusing on the smart fortwo,
  - EUR 0.5 billion for the implementation of the new management model,
  - EUR 0.4 billion related to the Mercedes Car Group headcount reduction,
  - a gain of EUR 0.2 billion on the disposal of the off-highway business,
  - gains of EUR 0.1 billion from sale of real estate,
  - and the release of early retirement provisions of EUR 0.2 billion.

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CONTINUOUS INCREASES IN OPERATING PROFIT ANTICIPATED DURING THE FOLLOWING YEARS

- **Product offensive with more than 35 new vehicles in the period of 2006 through 2008**
- **Ongoing efficiency improvement programs in all divisions**
- **Enhanced cooperation within the Group through New Management Model**

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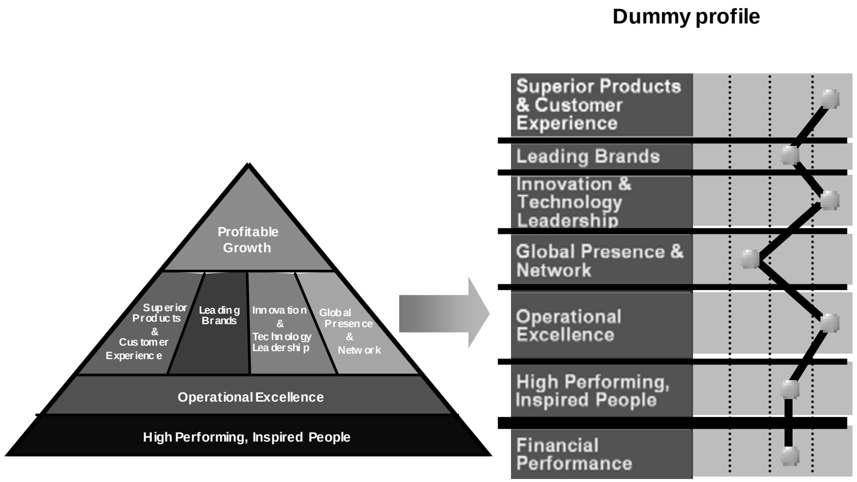
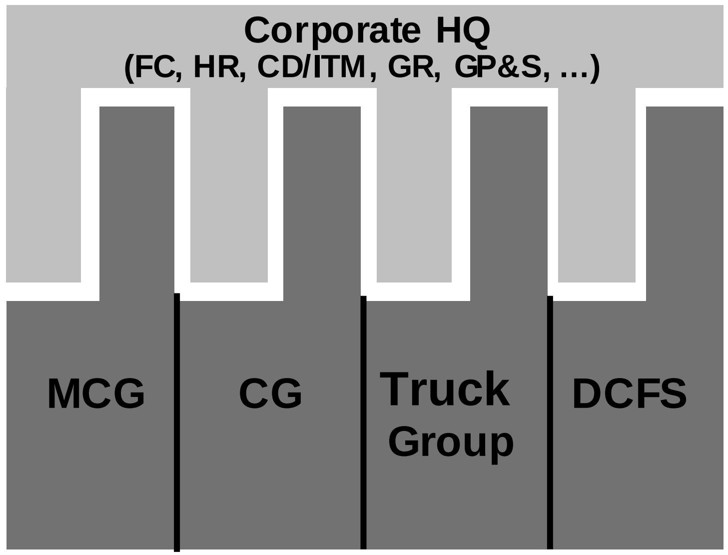
TWO MAJOR ACTIONS DRIVING DC's DEVELOPMENT TOWARDS A HIGH PERFORMANCE ORGANIZATION

DaimlerChrysler ScoreCard



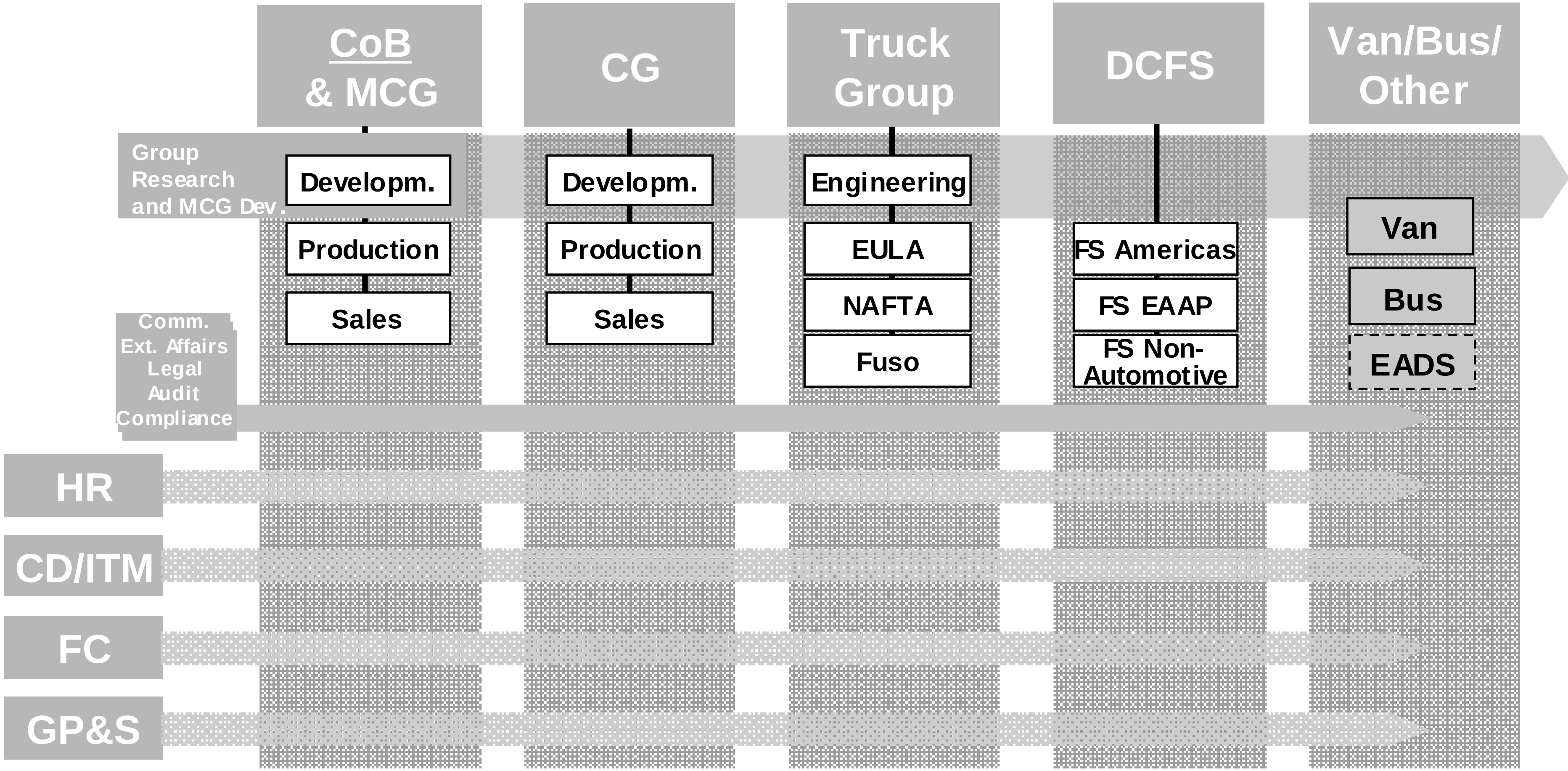
New Management Model



Structural and process alignment to leverage DC's future success potential

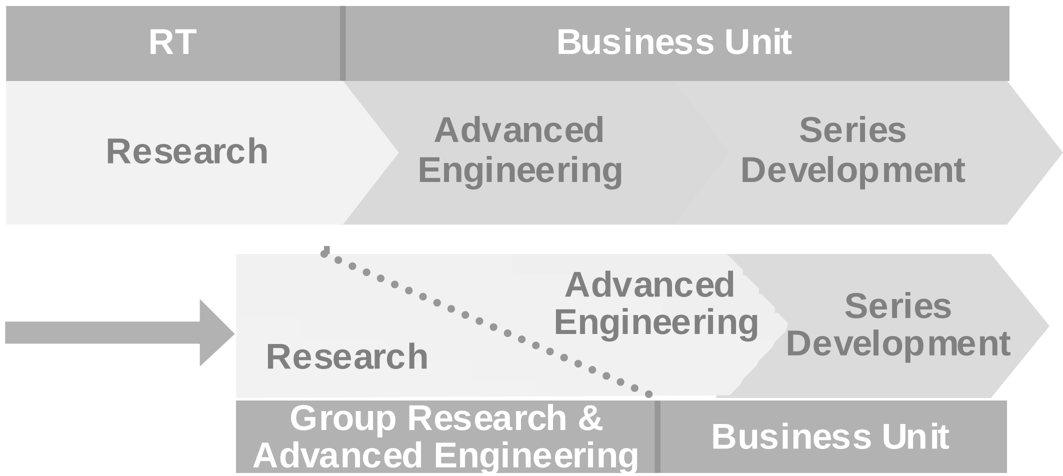
DaimlerChrysler

NEW MANAGEMENT MODEL: FOCUS ON OPERATIONAL CORE PROCESSES & PRODUCTS AND FUNCTIONAL INTEGRATION



Note: CD: Corporate Development; ITM: Information Technology Management; HR: Human Resources; FC: Finance & Controlling; GP&S: Global Procurement & Supply

More efficiency through integration of Group Research and Advanced Engineering



Targets:

- Increase speed of technology transfer
- Focus resources on relevant fields
- Increased innovation hit rate
- Synergies out of modular R&D-work

Advanced Eng.
altern. Propulsion

- e.g. Fuel Cell, Hybrid-house

Advanced Eng.
Electric/Electronic

- e.g. AUTOSAR, FlexRay

Advanced Eng.
Powertrain

- e.g. BLUETEC

Extension of Group Research to Advanced Engineering enables ‘more for less’

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TARGET: BACK TO BENCHMARK PROFITABILITY AND QUALITY

Challenges	Measures & Opportunities
Costs, efficiency and processes	"CORE" program, including smart
smart	Customer satisfaction offensive
Stronger customer focus	Ongoing product offensive

PERFORMANCE REVIEW 2005 – 2006

Production Efficiency MB:	ca. +10%
Fixed Cost Base: (expectation '06 vs. actuals '05)	ca. -6%
Product Quality: (failures per vehicle, expectation '06)	ca. -25%

Announcement Headcount Reduction 8,500

Smart: Focus on fortwo

Reduction Target 8,500 reached

Refined MB Brand Positioning

Q4 | **Q1** | **Q2** | **Q3**

5 Major Product Launches:

New S-Class

New R-Class

New GL-Class

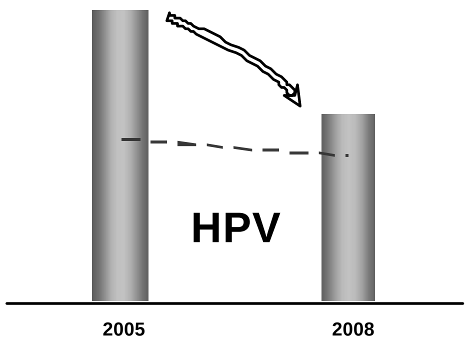
E-Class (New Generation)

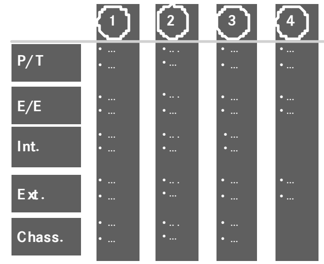
New CL-Class

Retail Sales MB YTD August 2006: +11%

MAJOR LEVERS

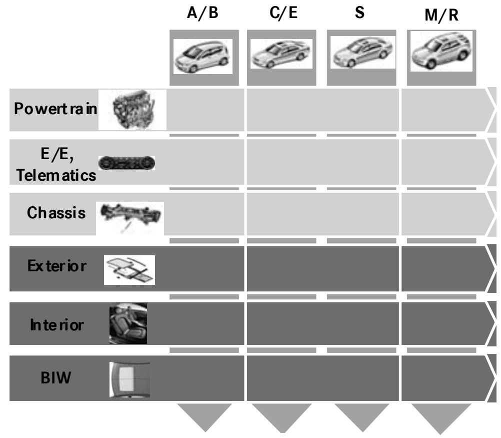
PRODUCTION & MATERIAL EFFICIENCY



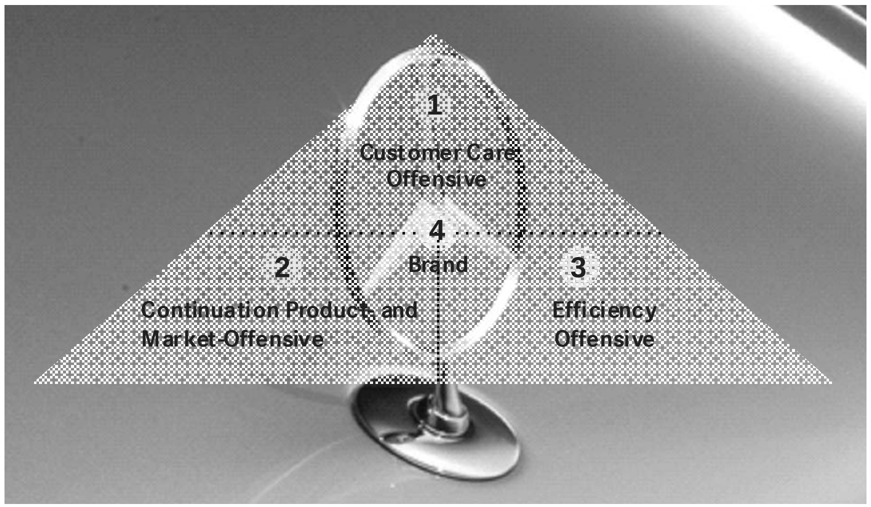


PROD. MATERIAL "WAVES"

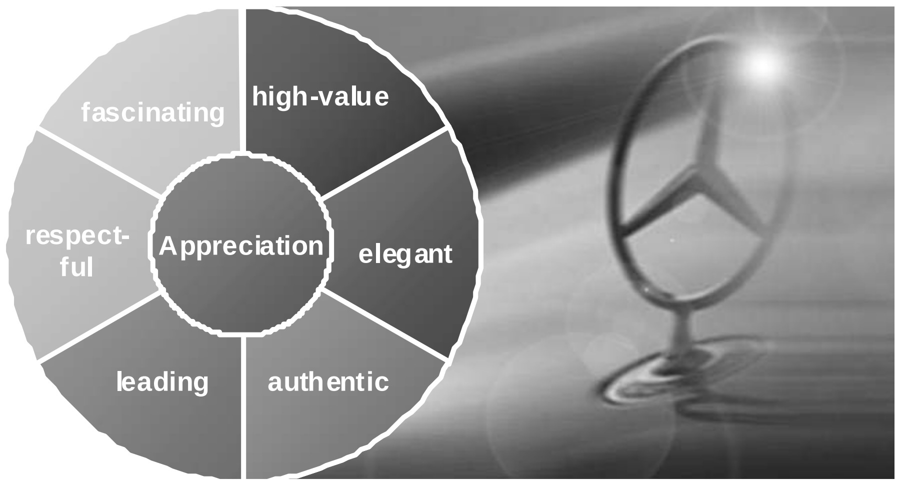
MODULE STRATEGY



CUSTOMER CARE & GROWTH



BRAND POSITIONING



CORE IS THE MOST COMPREHENSIVE AND IMPORTANT MOBILIZATION PROGRAM OF THE LAST YEARS WITHIN MCG

CORE Principles are..

… Greenfield approach: "What is needed to **run the business on a benchmark** level?"

…No taboos!
…No compromises!
…No holy cows!

…Personal responsibility!
…Transparency!
…Culture of conflict!

CORE needs to…

- **…Achieve competitive cost position**
- **…Reduce net assets**
- **…Increase efficiency**
- **…Focus on value-added**
- **…Increase flexibility**
- **…Strengthen/increase revenues (margin!)**
- **…Reduce overheads**
- **…Increase management responsibility**

to ultimately reach…

7% RoS in 2007

BETTER FINANCIAL PERFORMANCE OF THE NEW SMART FORTWO DUE TO…

- Lower material costs
- Higher contribution margin
- Lower sales and G&A costs
- Reduced assembly time
- Reduced hours per vehicle
- Reduced budgets in factory Hambach
- Savings from integration
- No dependency on suppliers

NEW PRODUCTS 2006

New

GL-Class

New Generation E-Class

New

CL-Class

Facelift SL-Class

TARGET: SUSTAINABLE PROFITABILITY

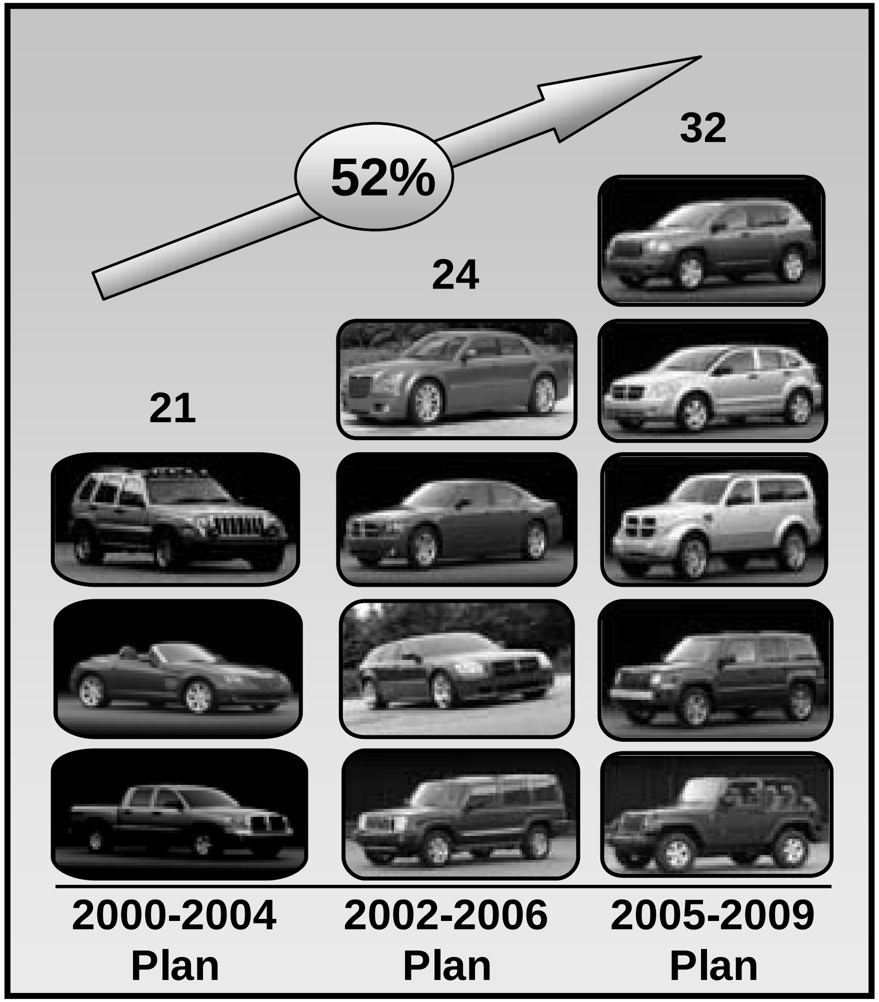
Challenges

- Cost position
- U. S. market highly competitive, incentive pressure
- Increased energy/ fuel prices, material costs
- Presence on international markets

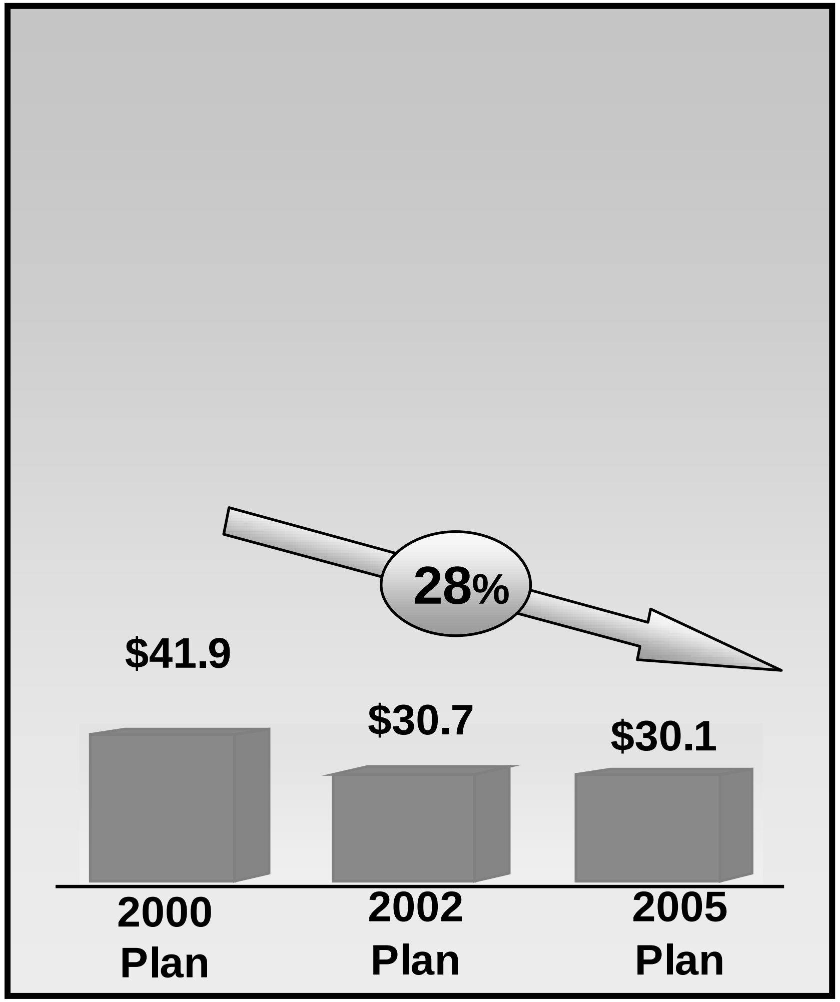
Measures & Opportunities

- Continuous improvements in efficiency and market performance
- Regional expansion (WEU, China)
- Continued product offensive

DERIVATIVE STRATEGY – DO MORE WITH LESS



“Do More”



“Use Less”

WE ARE REALIZING THIS STRATEGIC TRANSFORMATION.

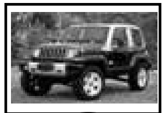
3 ARCHITECTURES…

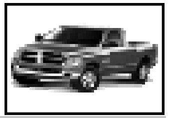
Body on Frame Architecture North/South RWD/AWD	Unibody Architecture East/West FWD/AWD	Unibody Architecture N/S RWD/AWD

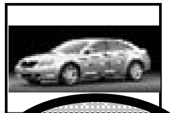
10 PLATFORMS…

JK	ND	HB	DR	C-Segment	D-Segment	Minivan	LX	KK	WK

MULTIPLE PRODUCT OFFERINGS…





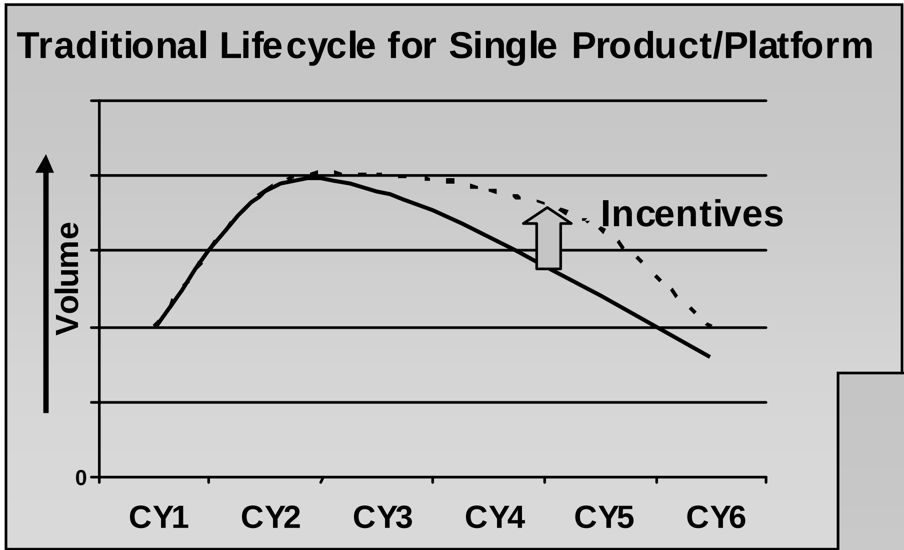
JK	ND	HB	DR	C-Segment	D-Segment	Minivan	LX	KK	WK
Jeep Wrangler	Dodge Dakota Club Cab	Dodge Durango	Dodge Regular Cab Pickup	Dodge Caliber	Chrysler Sebring Sedan	Dodge Minivan	Chrysler 300	Jeep Liberty	Jeep Grand Cherokee/ SRT8
Jeep Wrangler 4 Door	Dodge Dakota Quad Cab	Chrysler Aspen	Dodge Quad Cab	Jeep Compass	Chrysler Sebring Convertible	Chrysler RT Minivan	Chrysler 300C/ SRT8	Dodge Nitro	Jeep Commander
	Mitsubishi Raider		Dodge Mega Cab	Jeep Patriot	Dodge Sedan		Dodge Charger/ SRT8		
					More to come		Dodge Magnum/ SRT8		
							Dodge Challenger		

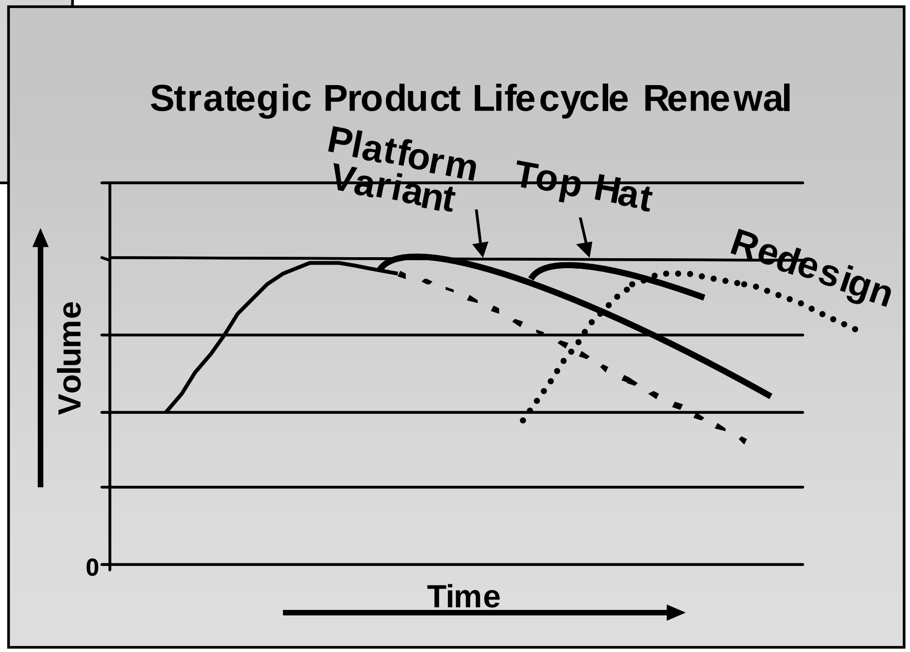
2006 CY Launches

Improve Program Spending And Engineering Resource Efficiency Through Architecture And Platform Sharing

DERIVATIVE STRATEGY REDUCES VOLUME DECAY

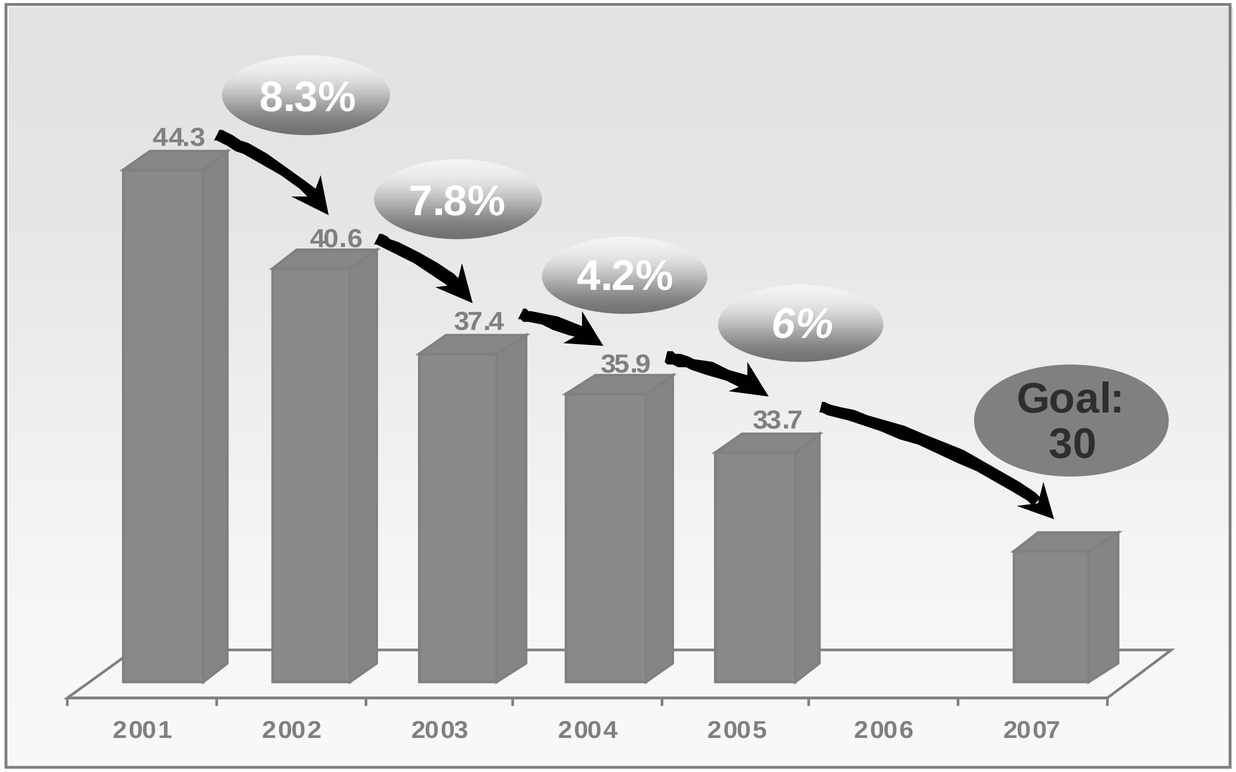
Mix and derivatives minimize traditional volume decay and maximize use of assets.





OPERATIONAL EXCELLENCE – MFG EFFICIENCY

Hours Per Vehicle (Assembly, Stamping, Engine & Transmission)



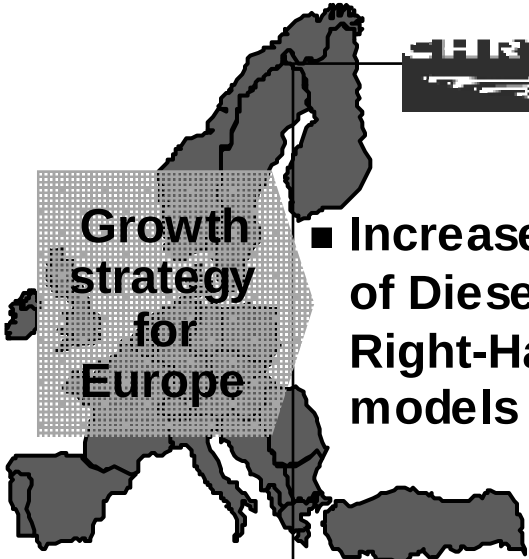
Source: Harbour Report

2005 Harbour Report

- **Overall productivity improvement of 24% in the past 4 years**
- **Benchmark in transmission productivity**
- **Chrysler Group plants were the leaders in five segments**

Goal: Best in Class by 2007

REGIONAL EXPANSION



Growth strategy for Europe

Chrysler:
- Increase number of Diesel and Right-Hand Drive models

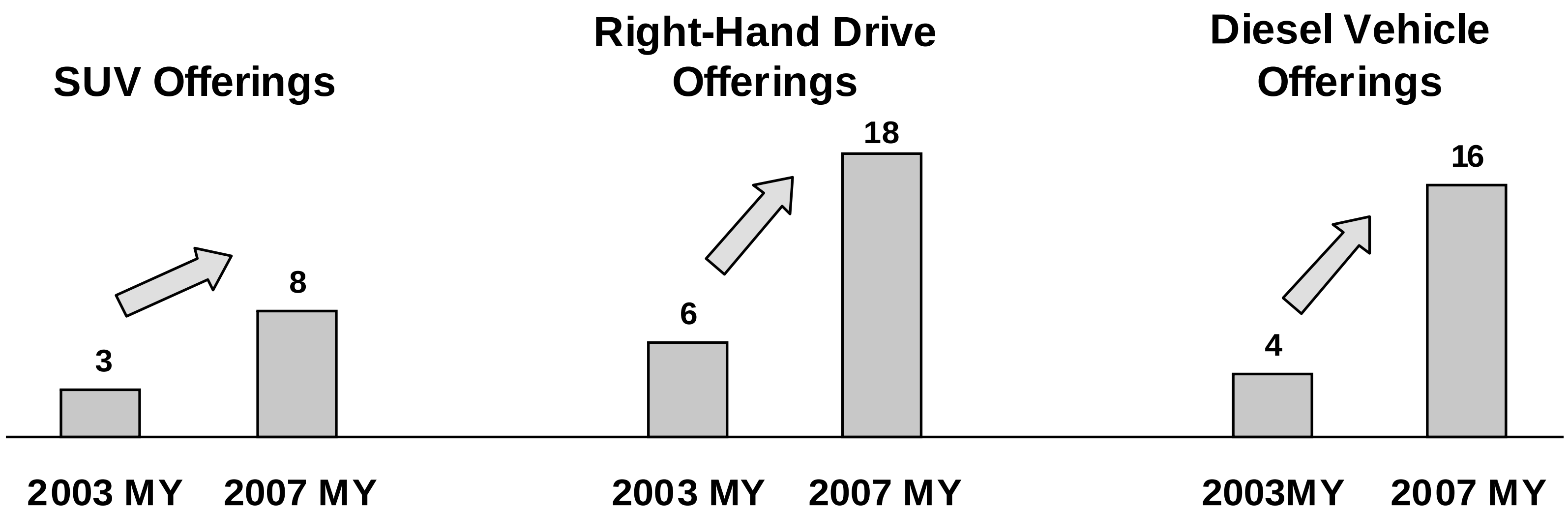
Dodge:
- Brand launch across Europe: “Discover Dodge”
- New global products introduced at Geneva 2005: Caliber, Nitro

Jeep:
- Reload and expand brand with new/ additional global products: Wrangler, Commander, Compass, Patriot

Growth Strategy for China and Taiwan

- Production of 300C at Beijing plant
- Production of Chrysler Minivan in China and Taiwan under license agreement

INTERNATIONAL OFFERINGS



NEW PRODUCTS

Jeep Patriot
(December 2006)

Jeep Compass
(August 2006)

Jeep Wrangler Unlimited
(September 2006)

Jeep Wrangler
(October 2006)

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NEW PRODUCTS

Dodge Ram Chassis Cab
(October 2006)

Chrysler Sebring
(November 2006)

Chrysler Aspen
(September 2006)

Dodge Nitro
(October 2006)

TARGET: BEAT THE CYCLE

Challenges	Measures & Opportunities
Managing market cycles	Global Excellence
Cost position	Integration of Fuso in Truck Group organization
Regulatory environment	Ongoing product offensive
Fuso home market position	

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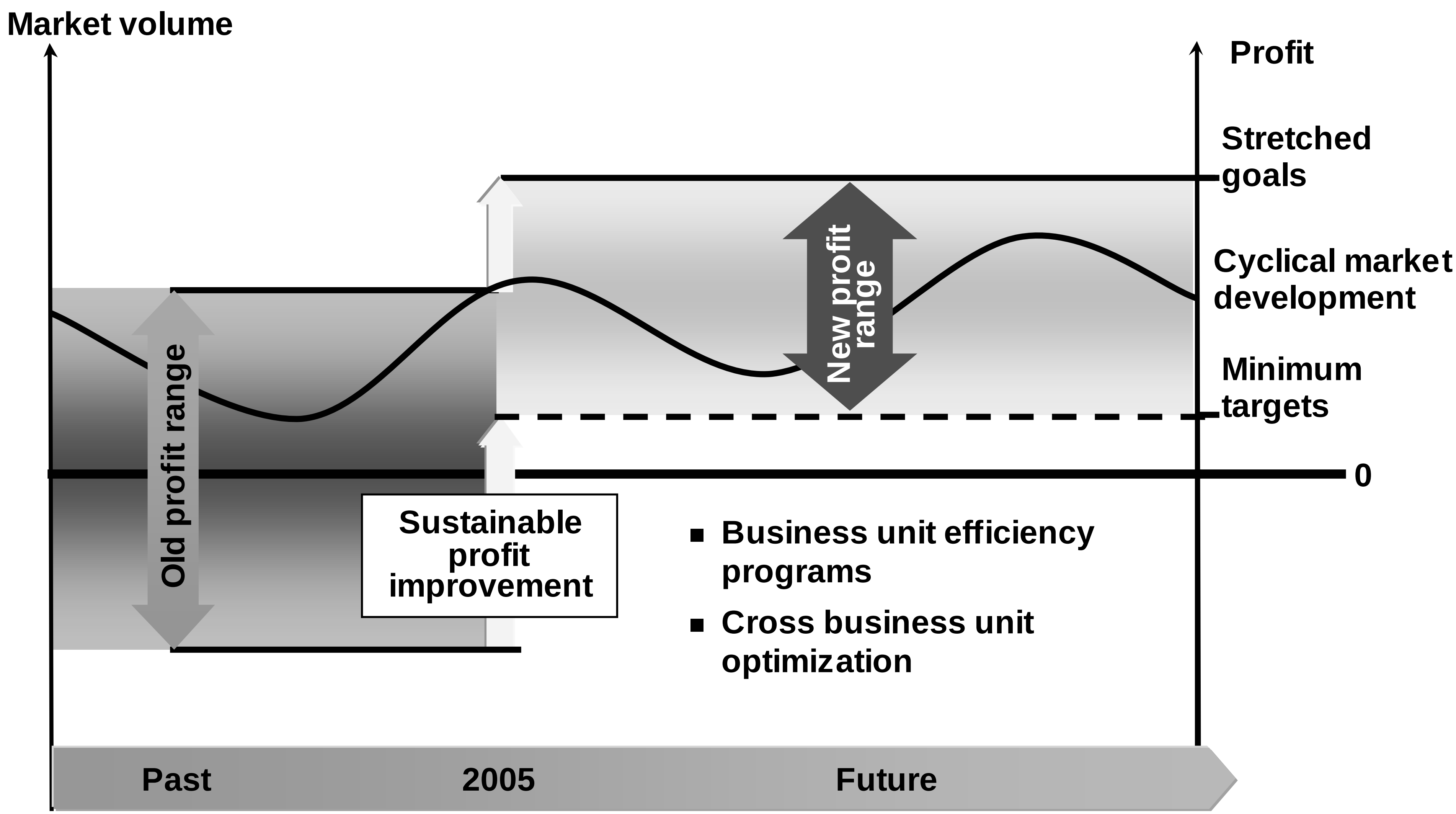
GLOBAL EXCELLENCE INITIATIVES TO REDUCE COSTS



- Business unit efficiency programs
- Cross business unit optimization

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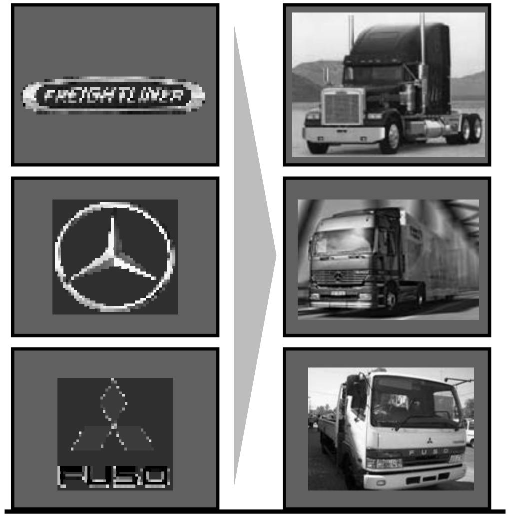
TODAY WE FOCUS ON MODULAR STRATEGIES, TOMORROW WE MANAGE ENTIRE VEHICLE PLATFORMS

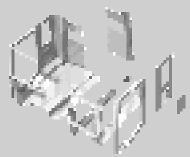
Yesterday



Stand alone development

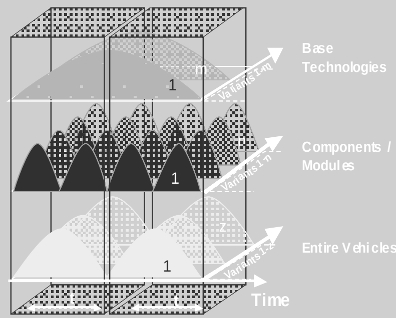
Today

Integration via standardized interfaces



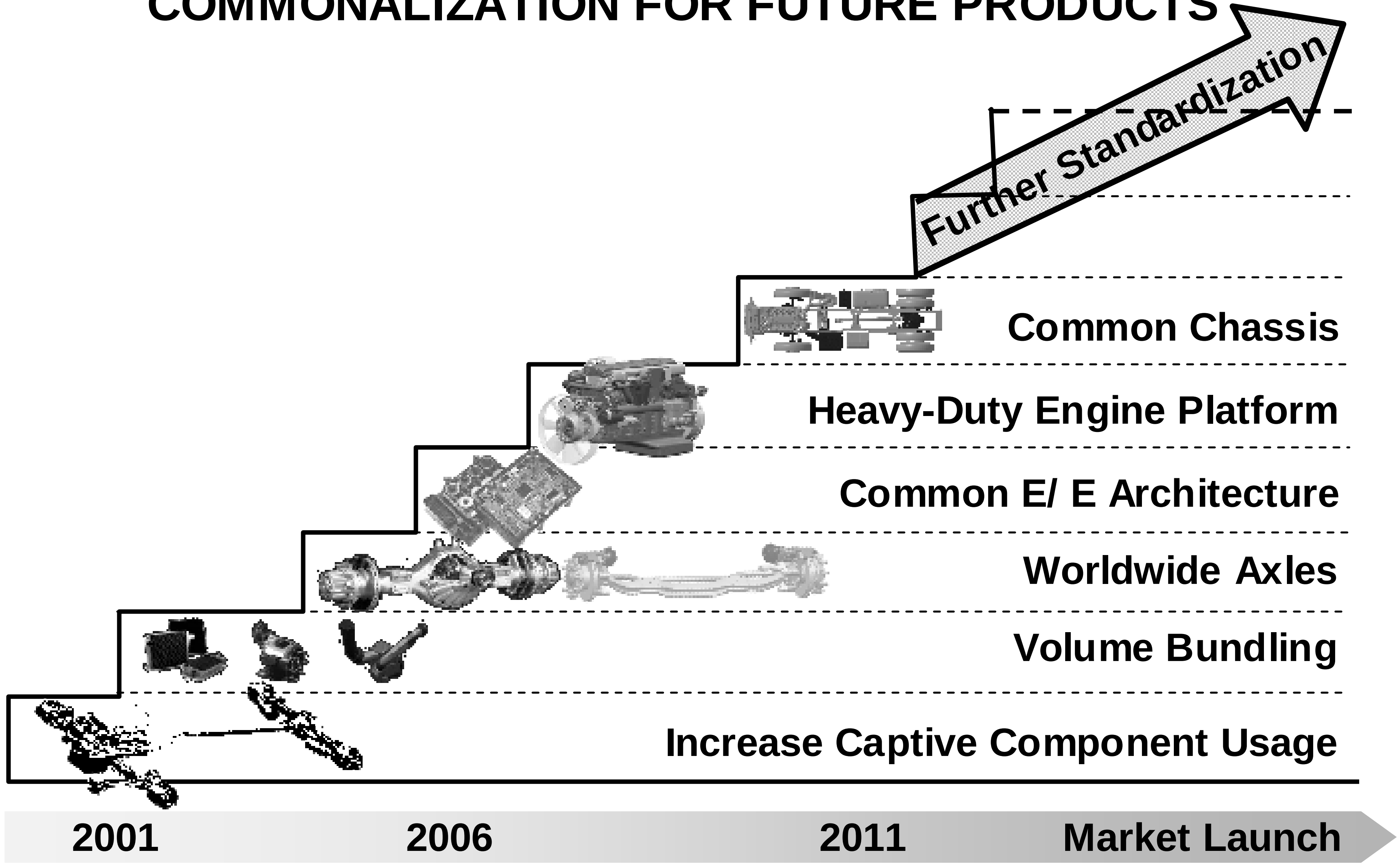
Definition of modules and platform architectures

Tomorrow



Engineering Cycle Management in entire vehicle platforms

COMMONALIZATION FOR FUTURE PRODUCTS



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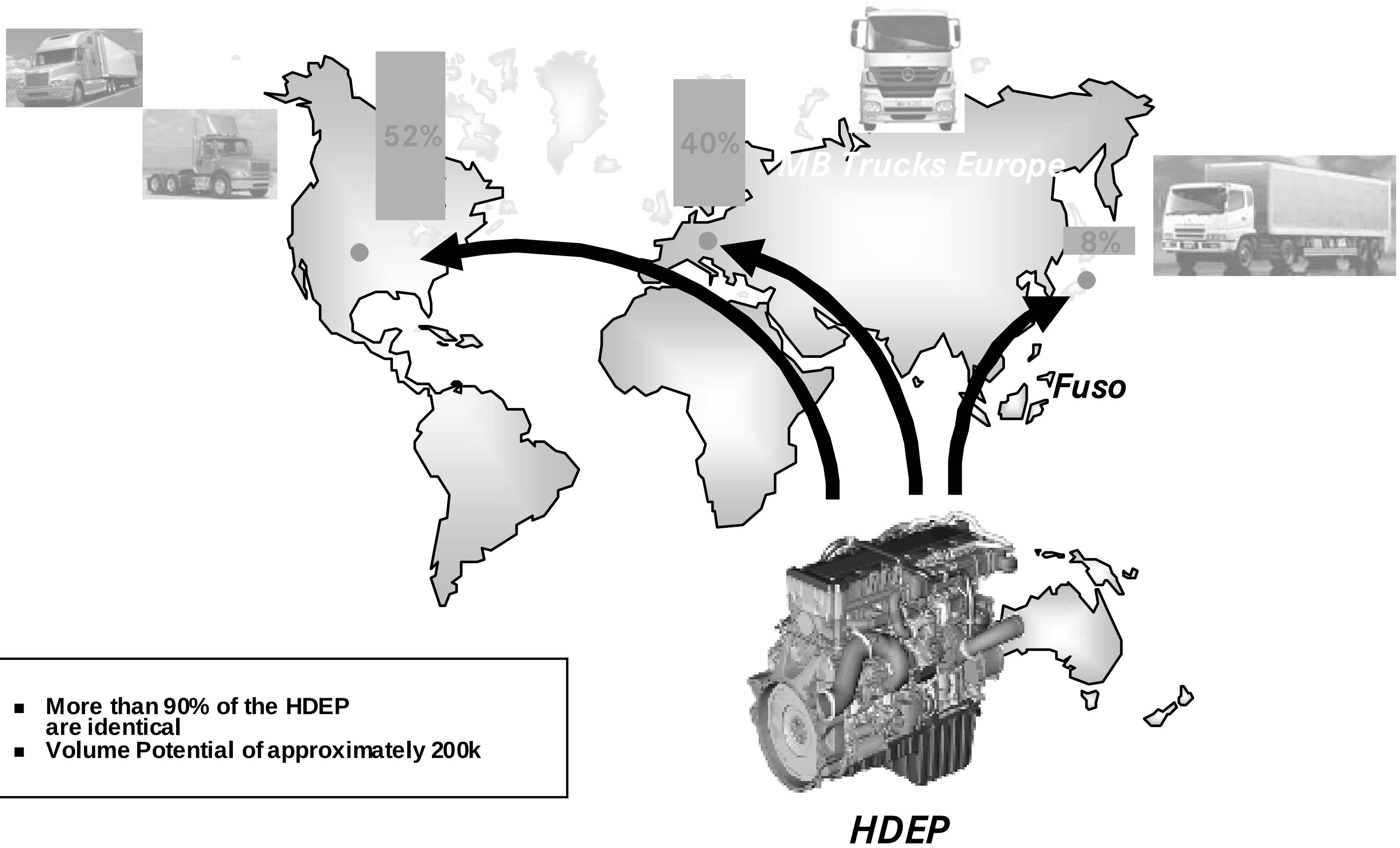
FUTURE ENGINE PLATFORMS WILL BUNDLE WORLDWIDE VOLUMES AT ONE TECHNICAL BASE. MAJOR DRIVER FOR OVERALL STANDARDIZATION



- More than 90% of the HDEP are identical
- Volume Potential of approximately 200k

HD Volume Share

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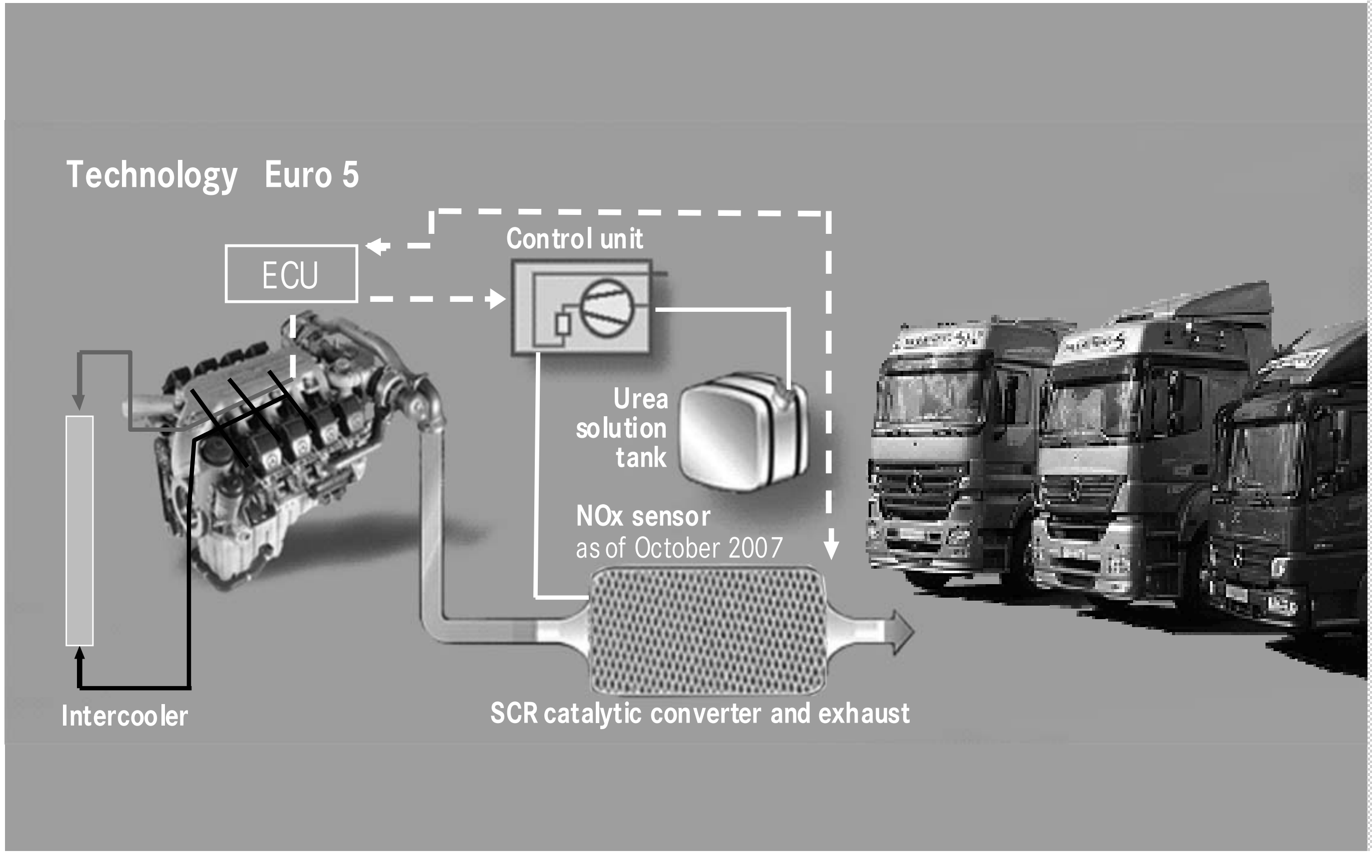
NO.1 IN TECHNOLOGY: IN EUROPE MORE THAN 30,000 MERCEDES-BENZ BLUETEC TRUCKS SOLD.



Global Excellence

- Optimization of business model
- Operational Excellence
- Growth and market exploitation
- **Future product generations**

NEW PRODUCTS 2006

Western Star Stratosphere
(October 2006)

Mitsubishi Fuso Canter Eco Hybrid
(July 2006)

Mercedes-Benz Safety Truck
(October 2006)

TARGET: EFFICIENCY AND EXPANSION OF CAPTIVE BUSINESS

Challenges	Measures & Opportunities
• Higher interest rates • Costs	• Reduce costs and improve operating margins • Concentration on captive business • Further expansion and support automotive business in new markets

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MARKET EXPLOITATION: WORLDWIDE BUSINESS DEVELOPMENT TAILORED TO SPECIFIC MARKET SITUATIONS

	NAFTA	Europe	Emerging markets
Situation	■ Large volume ■ Economies of scale realized ■ Automation implemented	■ Multiple companies of varying size ■ Variations in processes and automation	▪ Specific business scope ▪ Low level of automation
Approach	■ External benchmark ■ Next level of automation	■ Realize economies of scale ■ Best practice for processes and automation	■ Expand supporting DC vehicle business ■ Leverage best practices ■ Automate
Focus	Sustain	Use scale effects	Expand

STRATEGIC FOCUS ON DRIVING VALUE ADDED

DISCLAIMER

This presentation contains forward-looking statements that reflect management's current views with respect to future events. The words “anticipate,“ “assume,“ “believe,“ “estimate,“ “expect,“ “intend,“ “may,“ “plan,“ “project“ and “should“ and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties, including, but not limited to: an economic downturn in Europe or North America; changes in currency exchange rates, interest rates and in raw-material prices; introduction of competing products; increased sales incentives; the effective implementation of our New Management Model, and the CORE program, including the new business model for smart, at the Mercedes Car Group; renewed pressure to reduce costs in light of restructuring plans announced by our major competitors in NAFTA; disruption of production or vehicle deliveries, resulting from shortages, labor strikes or supplier insolvencies; the resolution of pending governmental investigations; and decline in resale prices of used vehicles. If any of these or other risks and uncertainties occur (some of which are described under the heading “Risk Report” in DaimlerChrysler’s most recent Annual Report and under the heading “Risk Factors” in DaimlerChrysler’s most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission), or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.