



Mercedes-Benz



MAYBACH



smart

Status and Strategy Mercedes Car Group

Eckhard Cordes
Member of the Board of Management

Merrill Lynch Automotive Conference
Geneva, March 1, 2005

MERCEDES CAR GROUP



Mercedes-Benz



MAYBACH



smart



**No. 1
luxury and premium
cars worldwide**

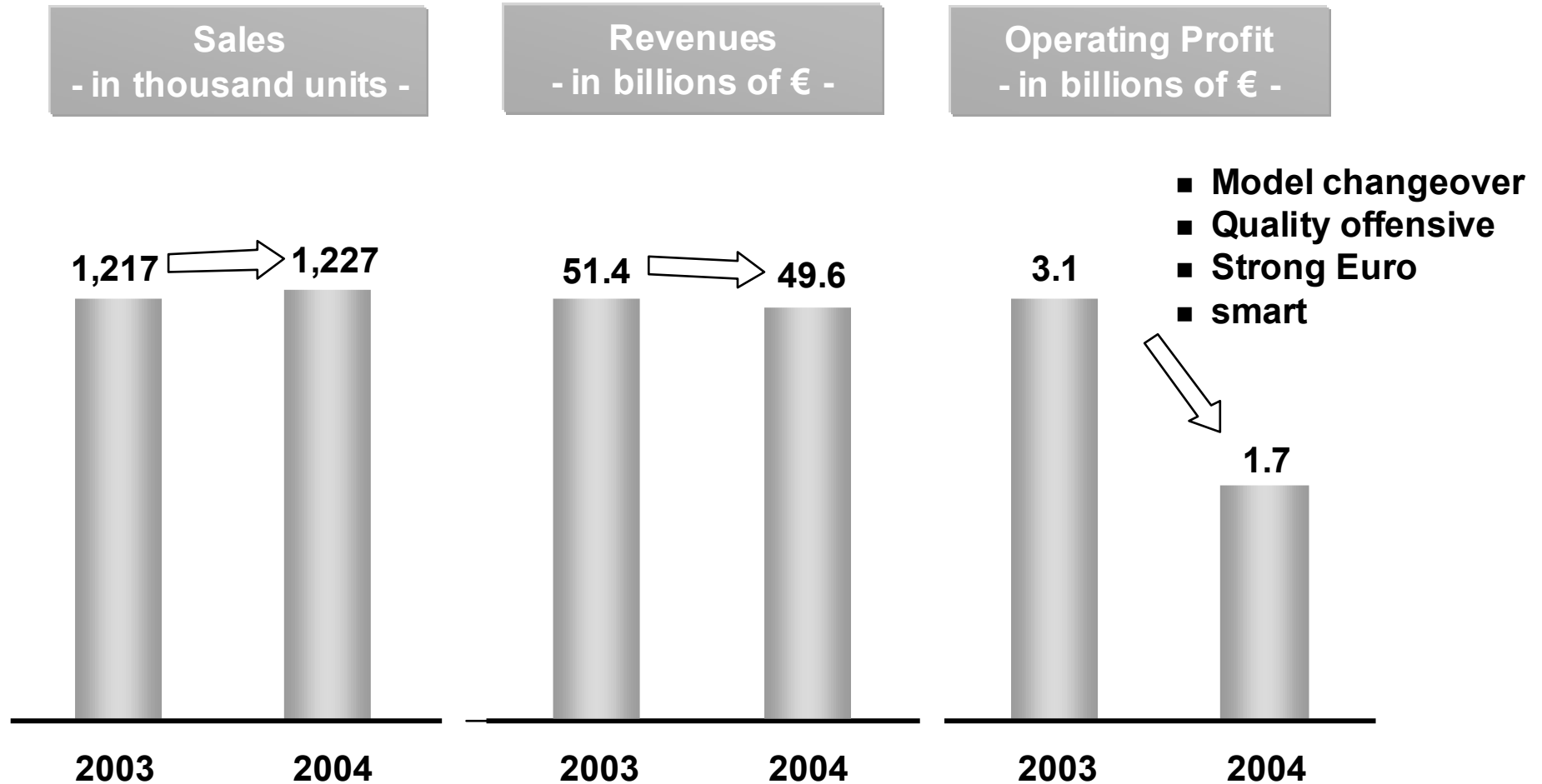


**No. 2
super luxury
USA**



**No. 4
micro cars
WEU**

DECREASE IN OPERATING PROFIT PRIMARILY DUE TO CURRENCY EFFECTS AND QUALITY OFFENSIVE



DEVELOPMENT OF GROUP SALES MERCEDES-BENZ

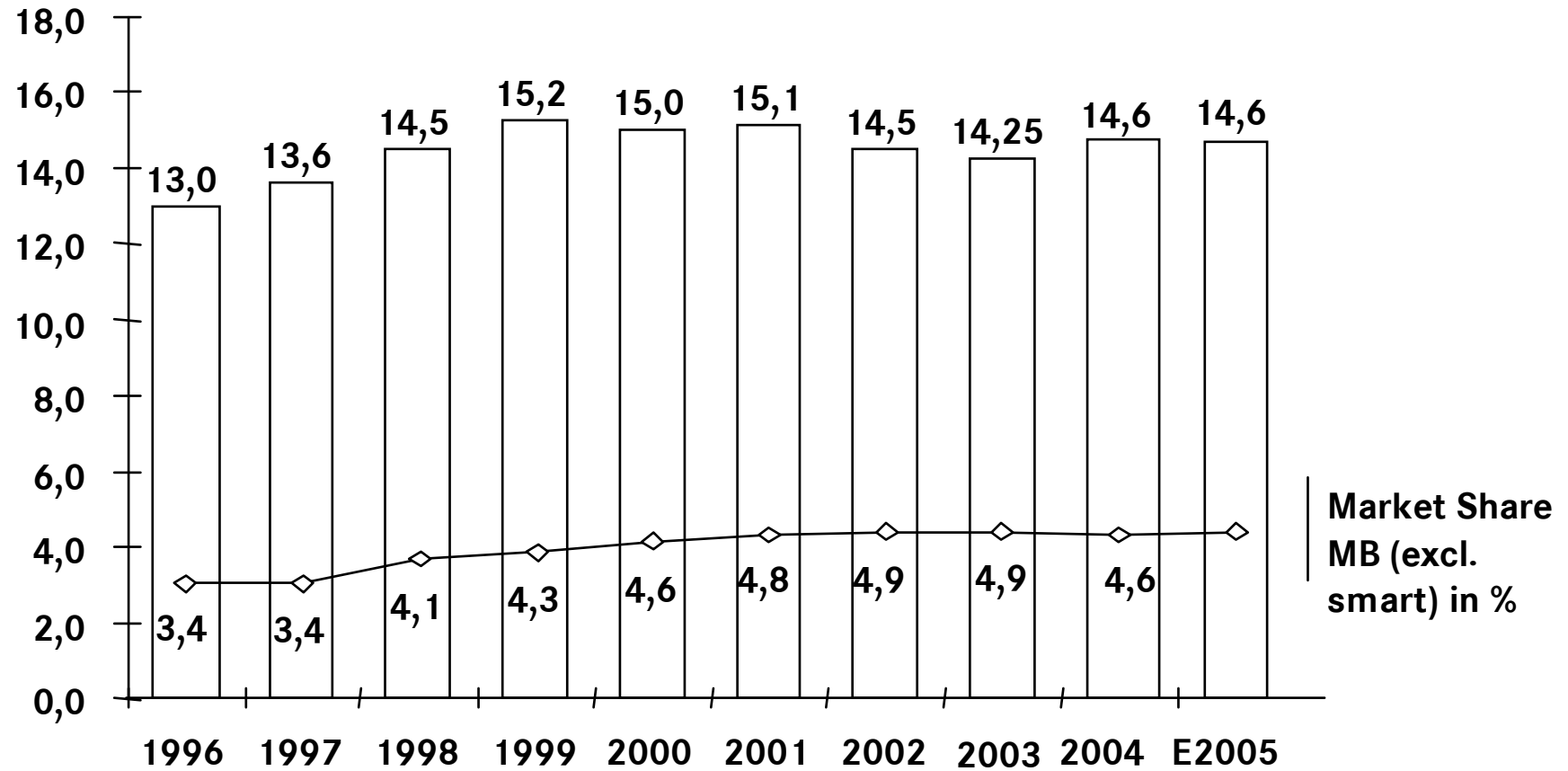
	2003	2004	Delta in %
Mercedes Car Group	1.217.000	1.227.000	+0,8
A-Class	147.000	143.000	-3,3
C-Class	442.000	475.000	+7,4
E-Class	305.000	294.000	-3,7
S- Class	108.000	85.000	-21,2
M-Class	81.000	71.000	-12,6
G-Class	7.400	6.400	-13,6
smart	125.000	152.000	+22

DEVELOPMENT OF GROUP SALES MERCEDES-BENZ

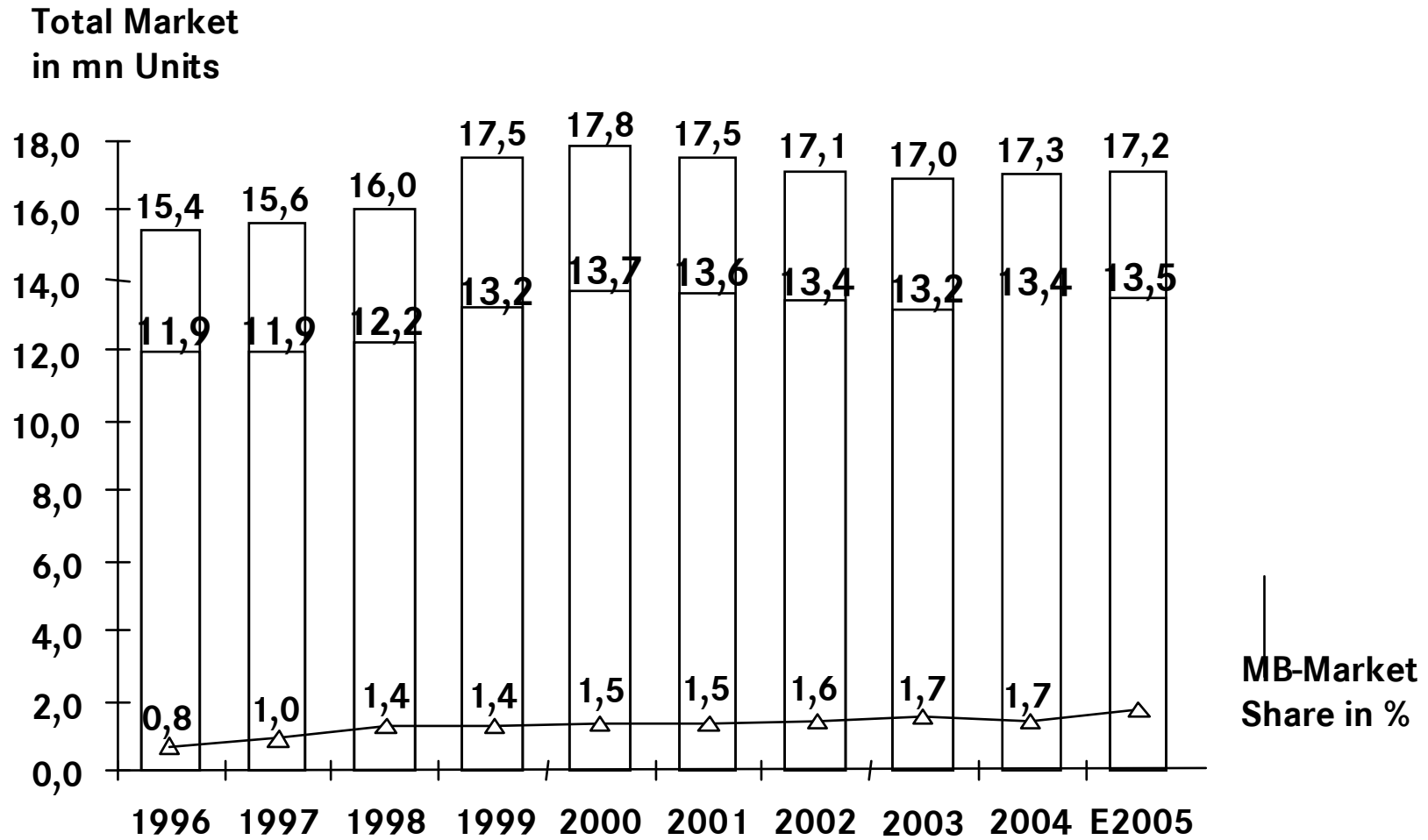
	2003	2004	Delta in %
Mercedes Car Group	1.217.000	1.227.000	+0,8
Germany	390.000	387.000	-0,8
WE w/o Germany	423.000	434.000	+2,6
NAFTA	235.000	240.000	+1,9
USA (retail sales)	218.000	222.000	+1,9
Japan	46.000	41.000	-9,6
Asia w/o Japan	67.000	67.000	-0,1

DEVELOPMENT OF WESTERN EUROPEAN PC MARKET

Total Market
in mn Units



DEVELOPMENT OF US CAR AND TRUCK MARKET



PROGRAM FOR STRENGTHENING OF PROFITABILITY

Efficiency

- Implement comprehensive transformation and optimization program "CORE"
- Develop sustainable business model for smart

Quality

- Comprehensive quality offensive Mercedes-Benz

Profitable Growth

- Strengthen innovation leadership with S-Class successor
- Launch of M-Class successor
- Launch of B- and R-Class in Sports Tourer Segment
- China activities

THE '4C' CHALLENGE

● 'C'UALITY

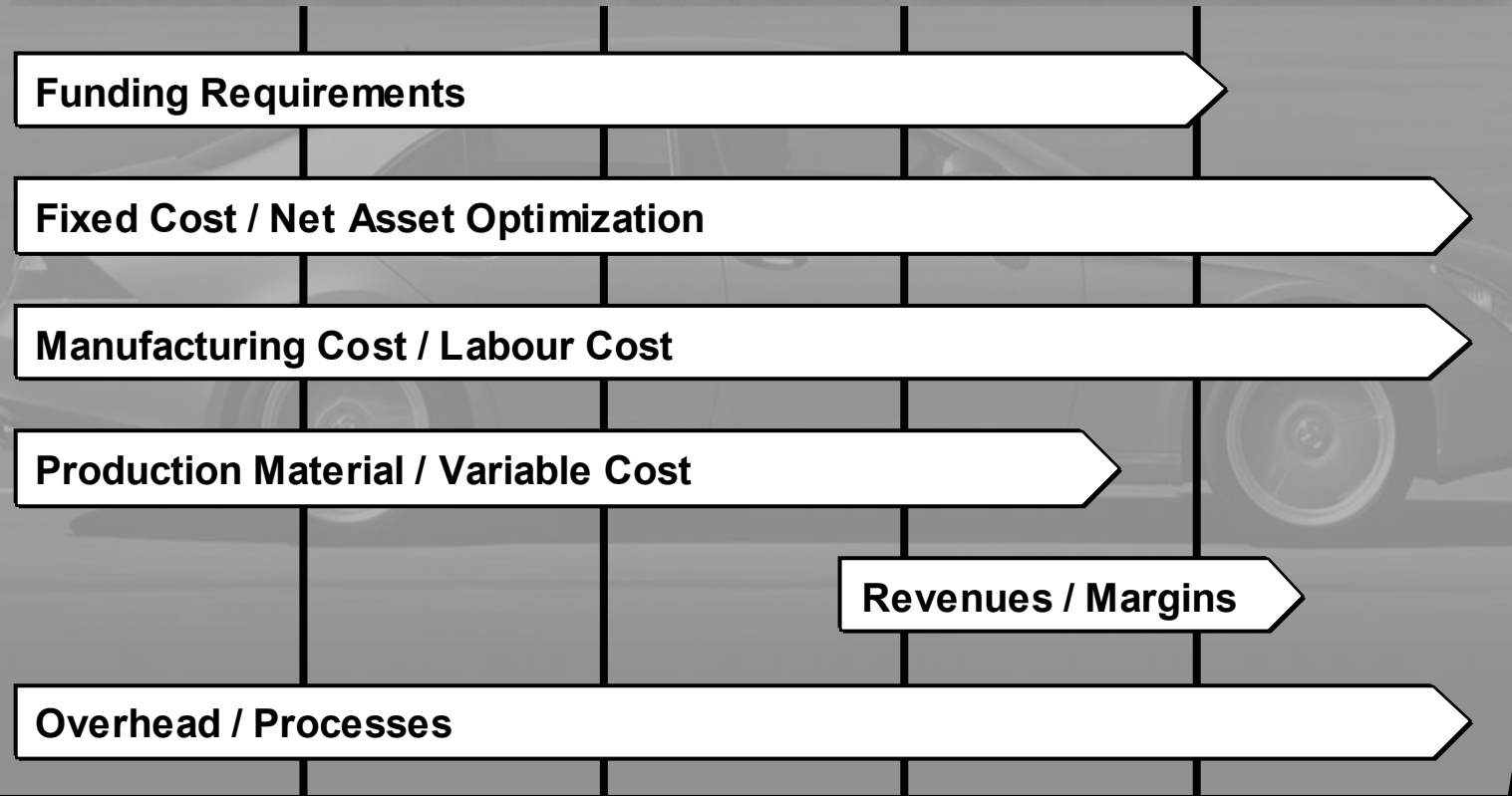
● COST

● COMPLEXITY

● CULTURE

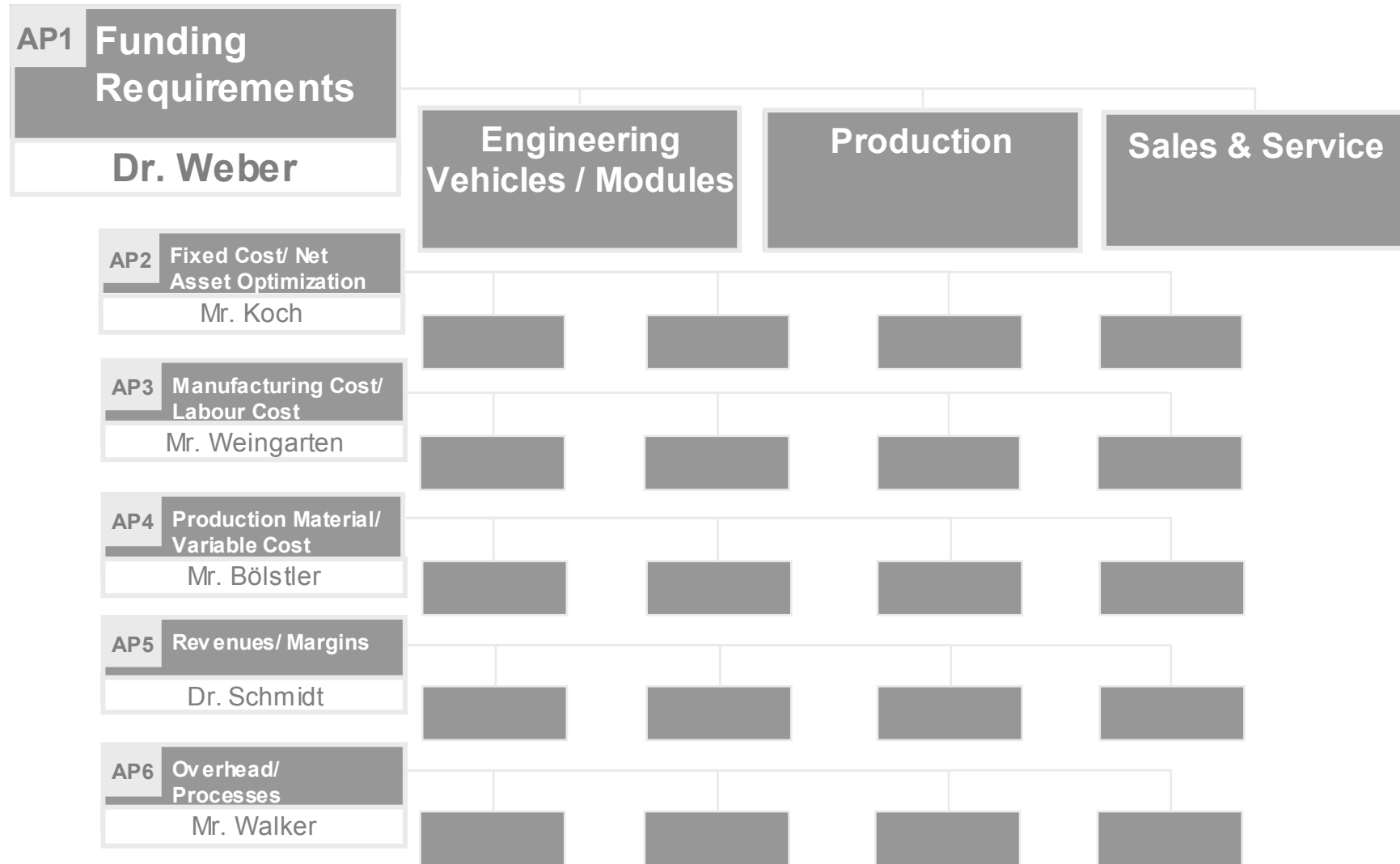


TRANSFORMATION AND OPTIMIZATION PROGRAM ACROSS ENTIRE VALUE CHAIN

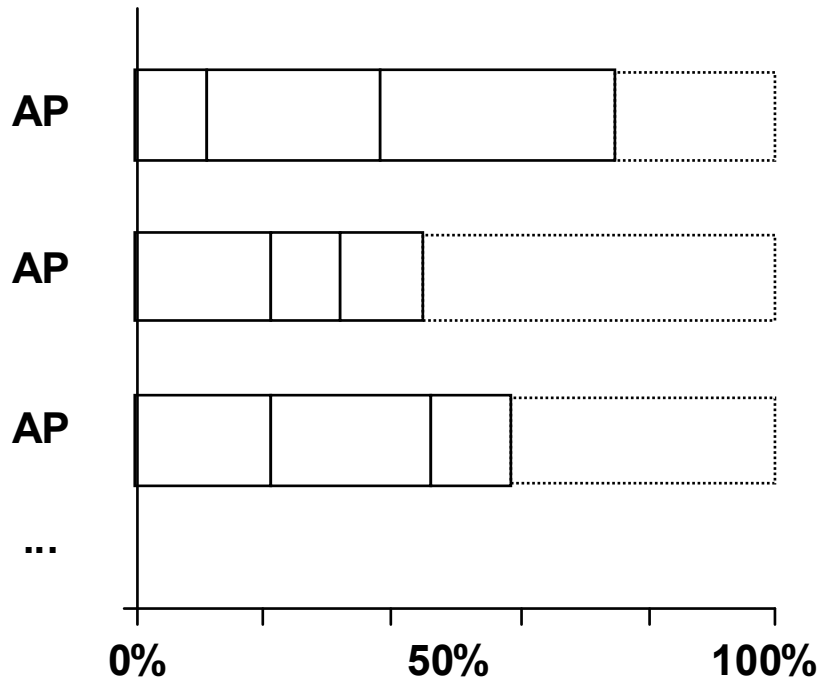


- Focus on:
- Efficiency
 - Complexity reduction
 - Flexibility
 - Profitability
 - Management Culture

PERSONAL RESPONSIBILITY OF MCG EXECUTIVE COMMITTEE AND CLEAR PROJECT STRUCTURE



FOCUS ON CONSEQUENT TRACKING AND EXECUTION



Target

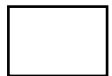
- Improvement of Operating Profit by € 3 bn.
- RoS 7% by 2007



Level I: Ideas generated



Level III - V: Ideas decided -> Ideas implemented

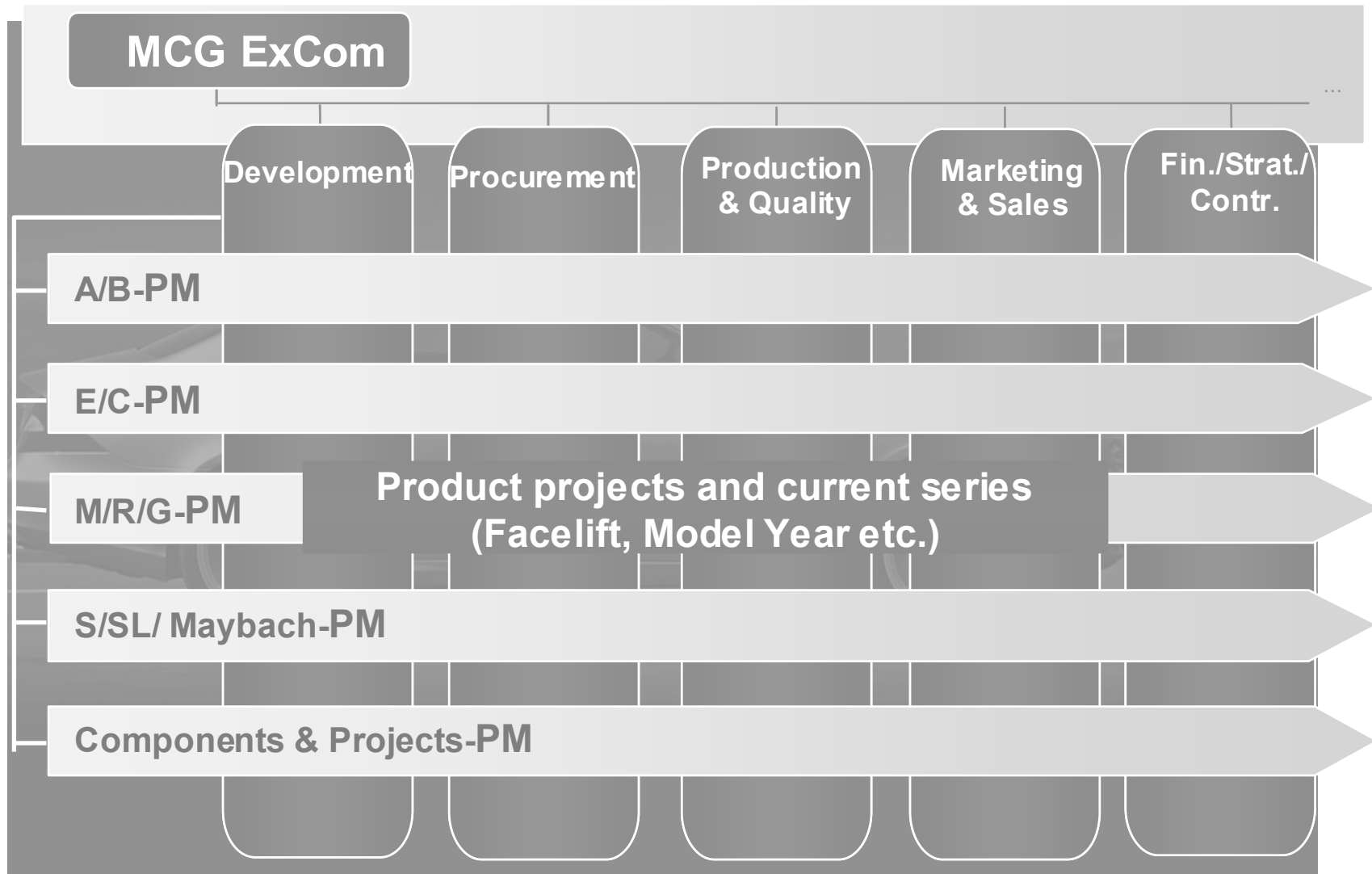


Level II: Ideas Evaluated



Gap to target

NEW EMPOWERED PROGRAM MANAGEMENT WITH PERSONAL ACCOUNTABILITY FOR COST, TIME, QUALITY



QUALITY OFFENSIVE TO REACH BEST IN CLASS QUALITY MID-TERM

Development

- Reduce complexity
- Increase maturity
- Increase use of digital tools
- Supplier support program

Production

- Improve initial quality
- Milestones achieved
 - Failure rate reduction
 - W&G improvement

Service

- Conduct preventive product measures
- Ensure top service quality

“New” products

Products
in the field

VISIBLE IMPROVEMENTS IN QUALITY PERCEPTION

Quality Indicators

- **JD Power IQS**
(2003-2004)



- Best result ever for MB
- Better than luxury average
- MB only German brand in Top 10

- **JD Power SSI**
(2003-2004)



- MB clearly ahead of German Competitors

- **ADAC AutoMarxx**
(2004)



- MB with best image among automobile brands

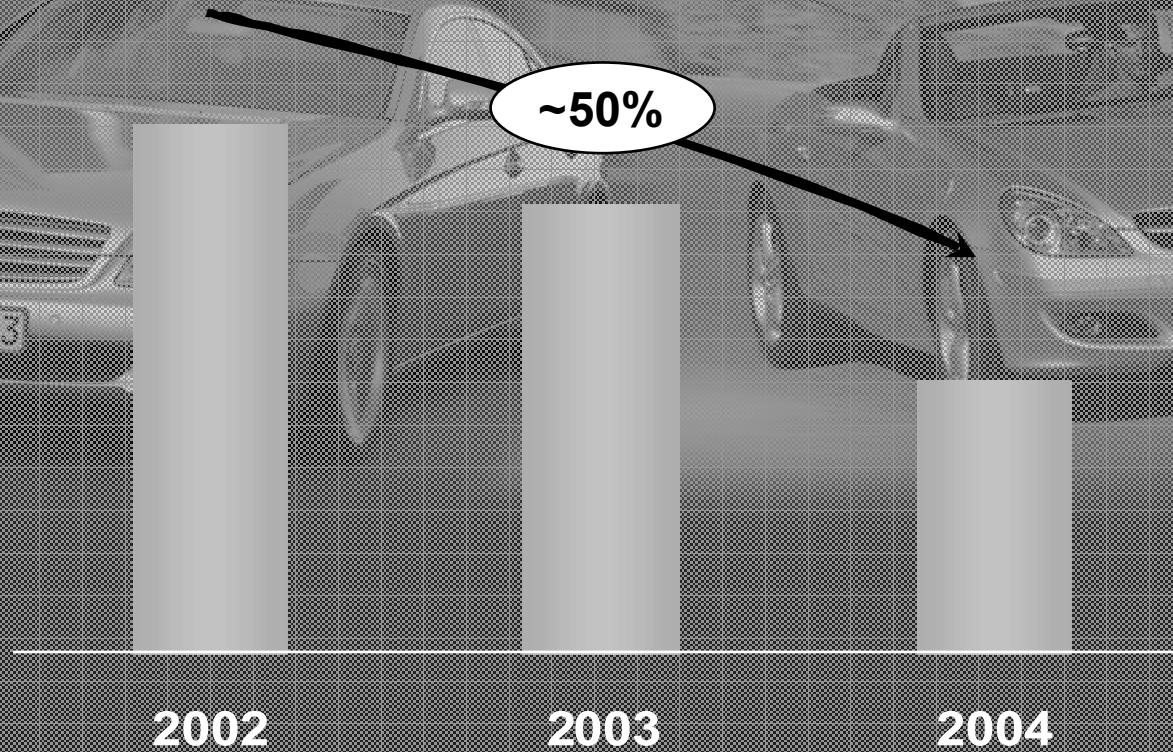
- **ADAC Breakdown Statistics** (2003)



- Rank 1 for SLK-Class
- Rank 2 for A-, S-, M-, CLK-Class

QUALITY AS KEY LEVER FOR OPERATIONAL EXCELLENCE AND SUSTAINABLE PROFITABLE GROWTH

Problems / 100 vehicles
after 12 months of operating



DEVELOP SUSTAINABLE BUSINESS MODEL FOR SMART

Topics currently addressed

- Sales performance
(Network density, new market entries)
- Cost structure
- Productivity
(Across all product lines and through entire value chain)

First decisions already taken

- Improve sales performance
(e.g. shop in shop, new market entry USA under investigation)
- Product strategy



NEW PRODUCTS IN 2004



- **CLS defining new segment of 4-door coupe**
- **Overwhelming market acceptance**

- **SLK wins 32 out of 33 international awards**
- **Undisputed market leader in its segment**

NEW PRODUCTS IN 2004



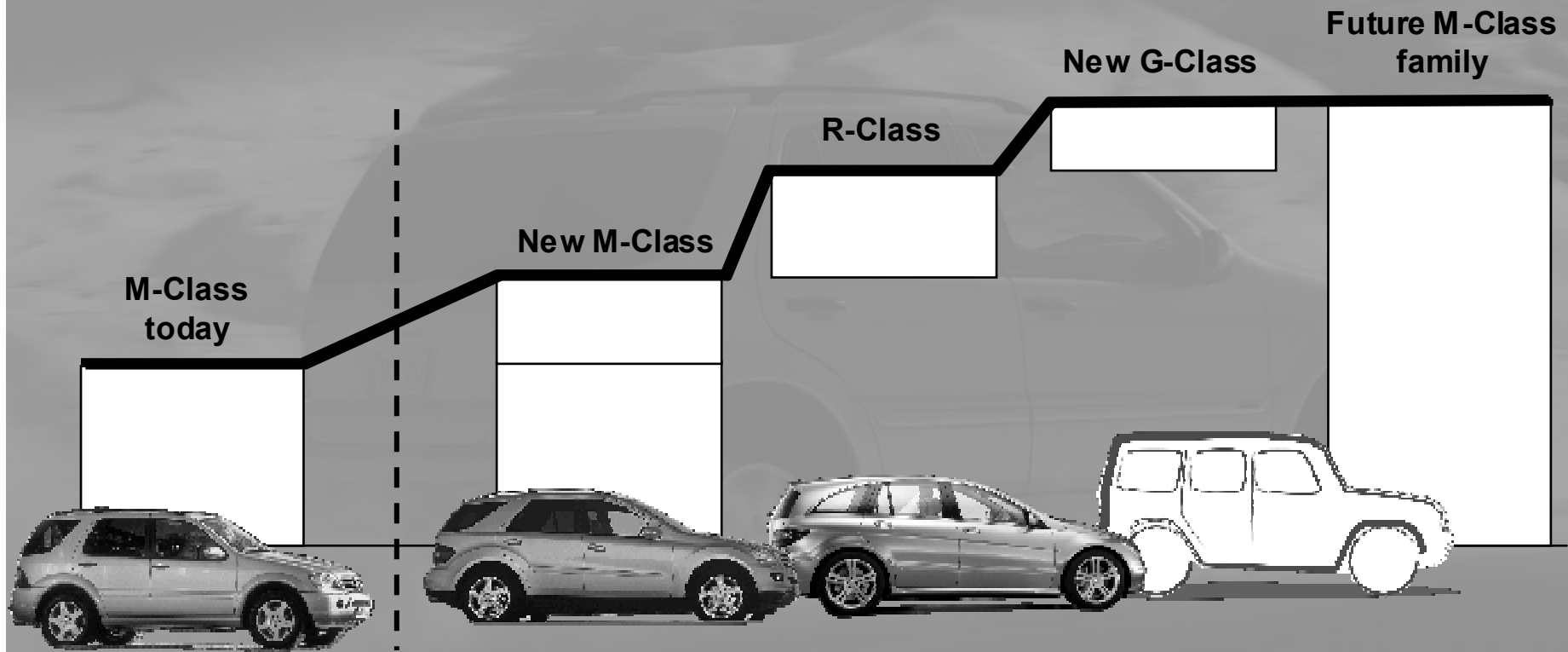
● **A-Class market introduction in September 2004 great success**

● **Over 50,000 units of new A-Class delivered in 2004**

NEW M-CLASS



NEW M- AND R- CLASS: MAJOR STEPS IN VOLUME EXPANSION OF M-CLASS FAMILY



SPORTS TOURER: MERCEDES-BENZ AGAIN DEFINING NEW SEGMENT IN PREMIUM MARKET

New concept combining the best of three worlds



Off road



On road



Space

Mid
2005

Fall
2005

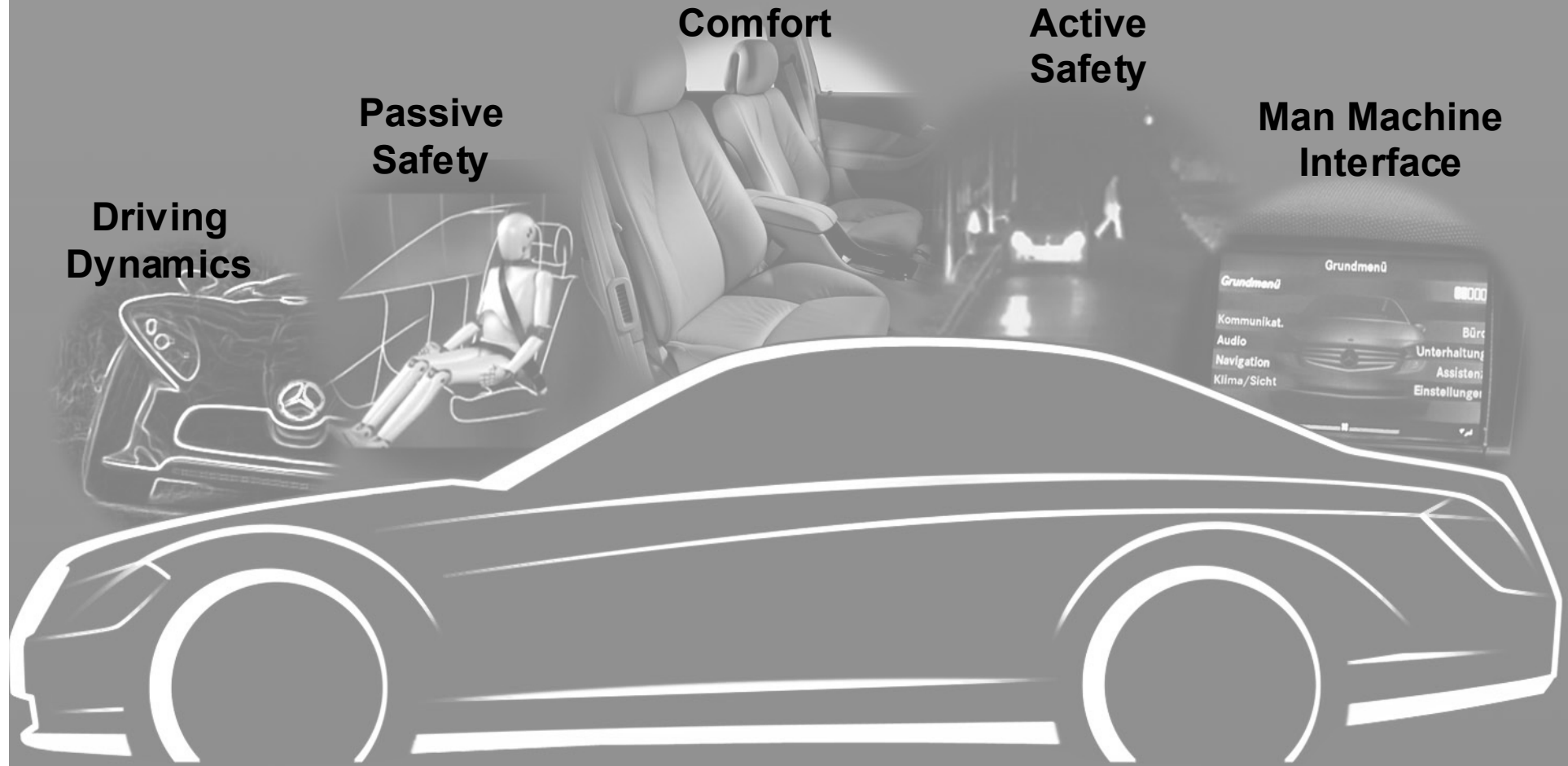
B-Class



R-Class

○ Market introduction

S-CLASS AGAIN DEFINING THE STANDARD



S-Class No. 1 in luxury segment since 1965

PRODUCT OFFENSIVE MERCEDES CAR GROUP

2005

- M-Class
- R-Class
- B-Class
- S-Class

2006

- G-Class
- S-Coupe
- ...

2007

- C-Class
- smart fortwo
- ...



DISCLAIMER

These figures are preliminary and have neither been approved yet by the Supervisory Board nor audited by the external auditor. Publication of Annual Report and Consolidated Financial Statement is scheduled for February 23, 2005. Publication of Form 20-F Report is scheduled for February 28, 2005. 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; 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.