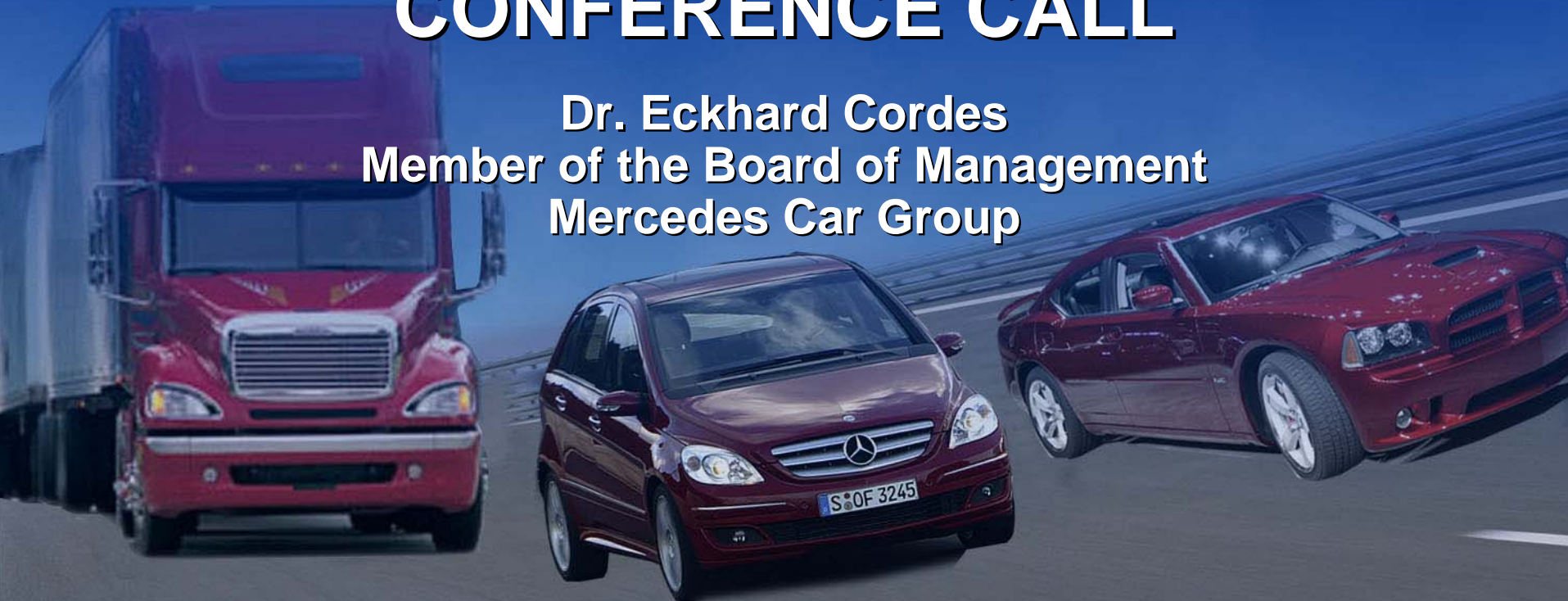


DAIMLERCHRYSLER

Q2 AND FIRST HALF 2005 RESULTS CONFERENCE CALL

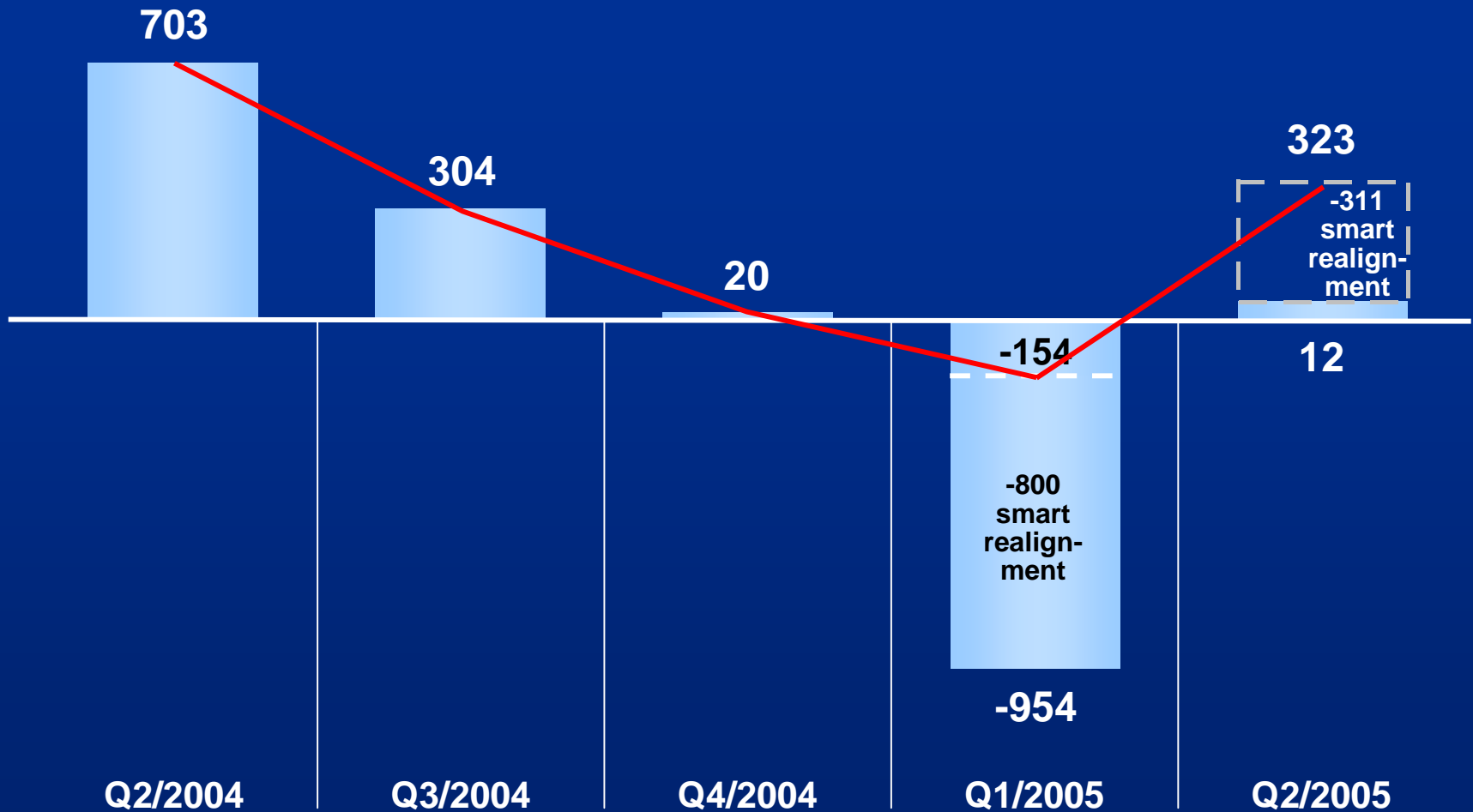
Dr. Eckhard Cordes
Member of the Board of Management
Mercedes Car Group



July 28, 2005

12 MONTHS OPERATING PROFIT DEVELOPMENT

– in millions of EUR –



CORE TARGETS

- **Cost reduction and increase in revenues**
- **Entire value chain being assessed**
- **7% return on sales in 2007**
- **In order to achieve EUR 3.5 bn improvement in operating profit, measures of EUR 4.7 bn have to be generated**

CORE PROJECT SETUP & RESPONSIBILITIES

Schmückle	
Dr. Weber	Projects
Koch	Fixed Costs, Net Assets
Weingarten	Efficiency Production
Schmückle	Material Costs
Dr. Maier	Revenue Offensive
Schmückle	Quality/Warranty
Walker	smart

TARGETS & MEASURES OF CORE

Cumulative CORE Improvement
- in billions of EUR -



The CORE program will lead to an operating profit improvement of EUR 3.5 bn.

MCG ROS target 7% will be secured through CORE

TARGET LEVEL ACHIEVEMENT 2007

Implementation level

Cost category



VISIBLE IMPROVEMENTS IN QUALITY PERCEPTION

Quality Indicators

● **JD Power IQS
(2004-2005)**

**Rank 5
(10 in 2004)**

- MB among best five brands
- Slightly better than luxury average

● **JD Power APEAL
Interim (2004-2005)**

**Rank 5
(7 in 2004)**

- MB improves in all APEAL measures

● **ADAC Breakdown
Statistics (2004)**

- Rank 1 for A-, M-Class
- Rank 2 for S-Class
- Rank 3 for E-Class

NEW BUSINESS MODEL FOR SMART

● **Restructuring plan finalized – plan is on track**

● **Revenue increase**

- Distribution network expanded through additional shop-in-shop solutions, 193 new dealerships and service points added so far this year
 - Agreement with the European smart dealers' association on adaptation of retail standards and improved margin concept
 - Increased efficiency through focused marketing approach
-

● **Cost savings**

- General agreement with employee representatives achieved to implement headcount reduction of 600 employees at HQ by end of 2005
- Optimization of production costs
- Integration of After Sales, Procurement & Supply and Design in 2nd half of 2005

We are making good progress in achieving our targets

CORE PROGRAM IS ON TRACK

- **A comprehensive set of measures defined to address:**
 - **Quality and customer satisfaction**
 - **Cost reduction (bottom line improvements)**
 - **Net revenue improvements**
 - **Realignment of the smart business model**

- **All measures being implemented to realize our targets**

NEW M-CLASS



NEW R-CLASS AND NEW B-CLASS



NEW S-CLASS



DISCLAIMER

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