

DAIMLERCHRYSLER

Commercial Vehicle Division

16th Annual Global Industrial Manufacturing Conference
Citigroup - March 12, 2003

AGENDA

- Commercial Vehicle Division & Market Environment
- Key Strategies for Profitable Growth
- Turning Scale Into Profit
- Summary

COMMERCIAL VEHICLE DIVISION 2002

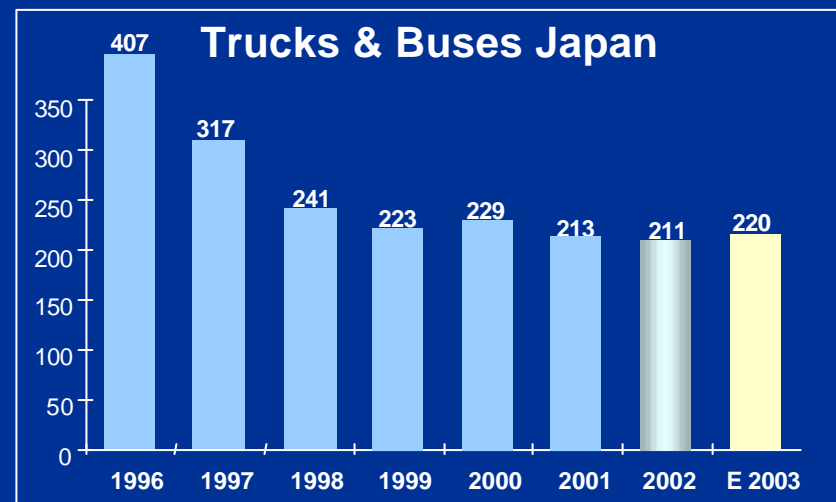
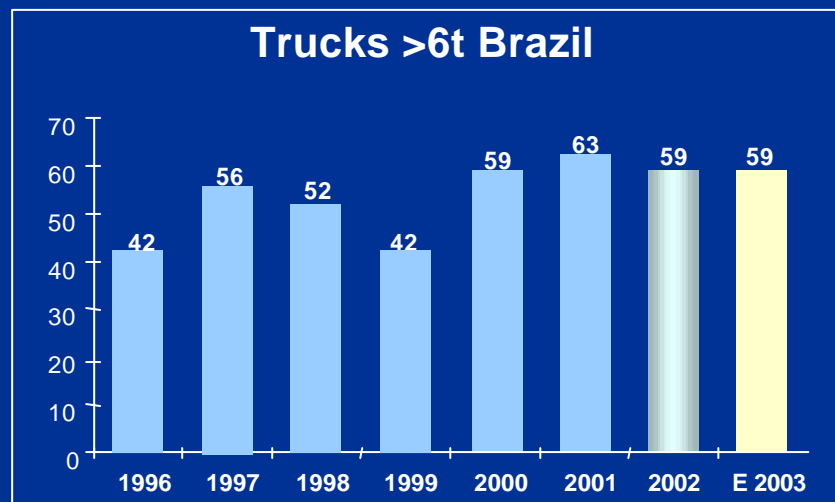
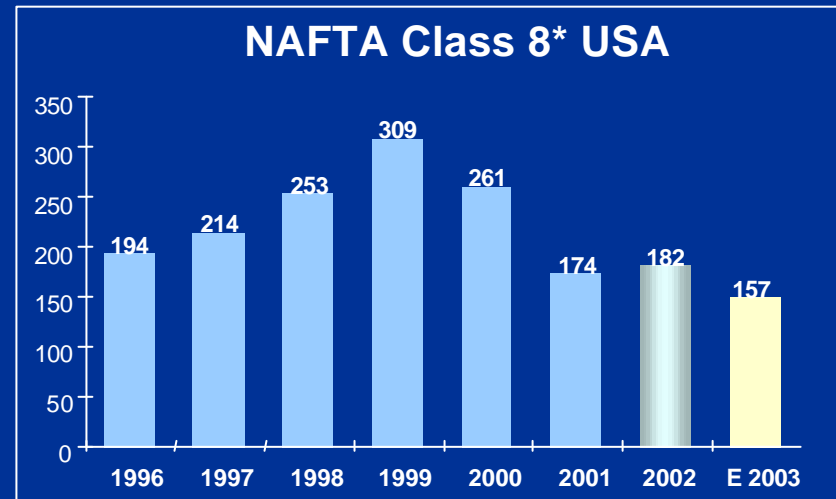
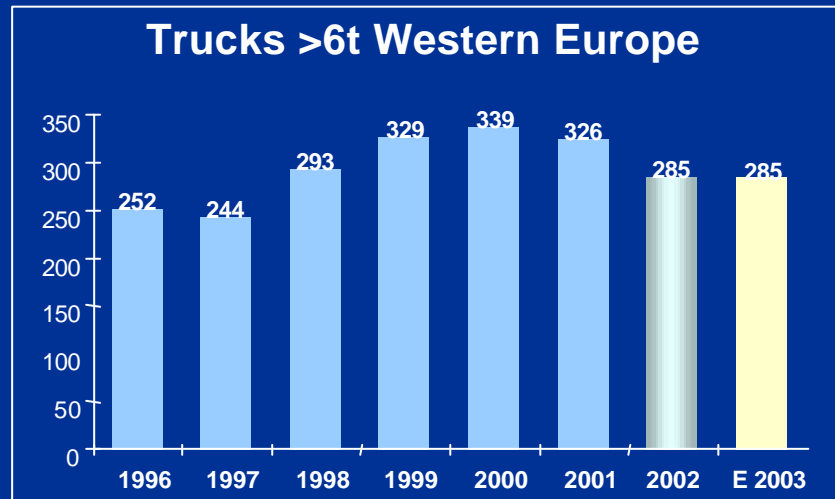
Sales
485,000 units

Revenues
€28.4 billion

Operating Profit*
€176 million

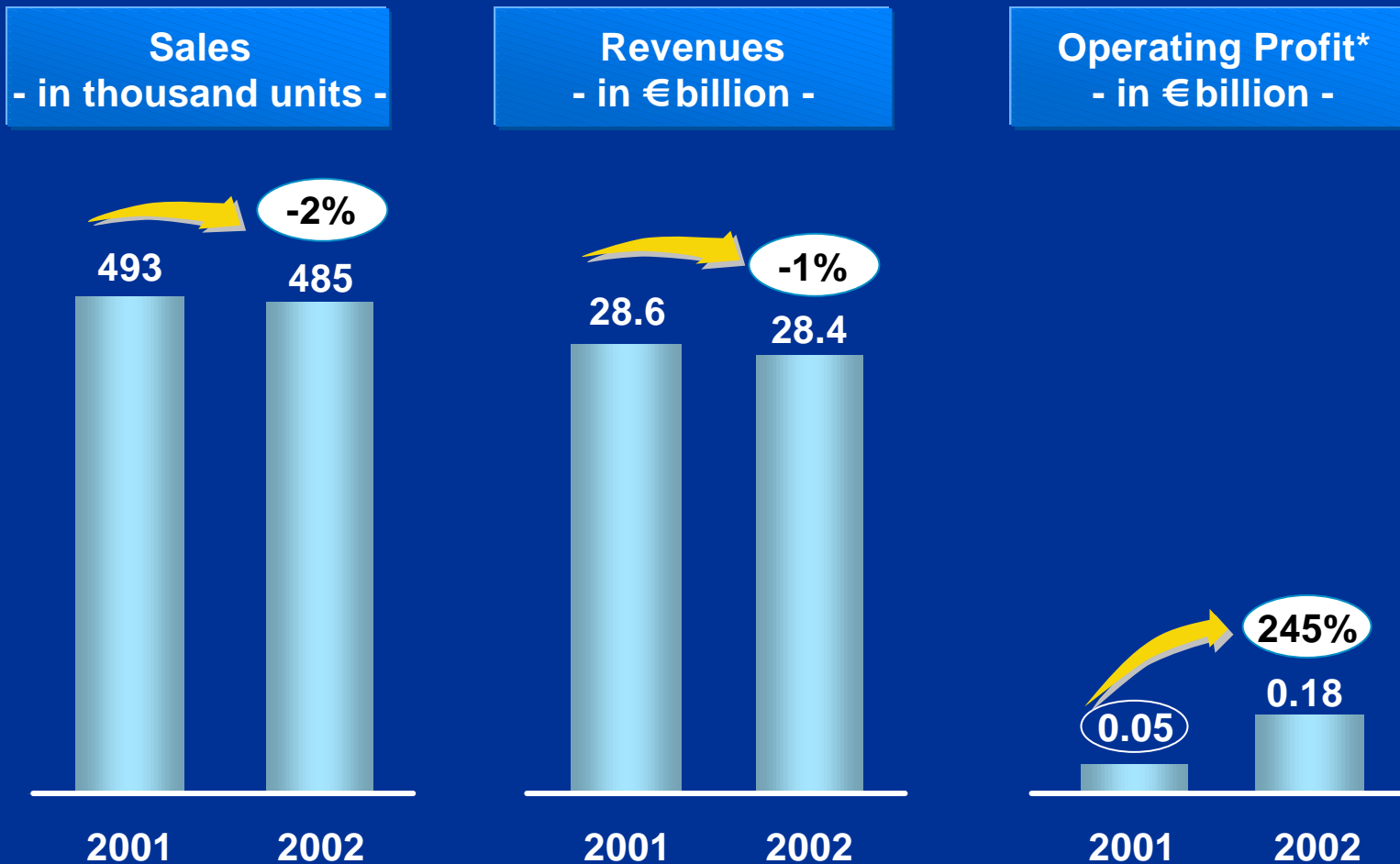
MARKETS CURRENTLY WEAK

Total Market in 1,000 Units



* Since 2000 including Western Star

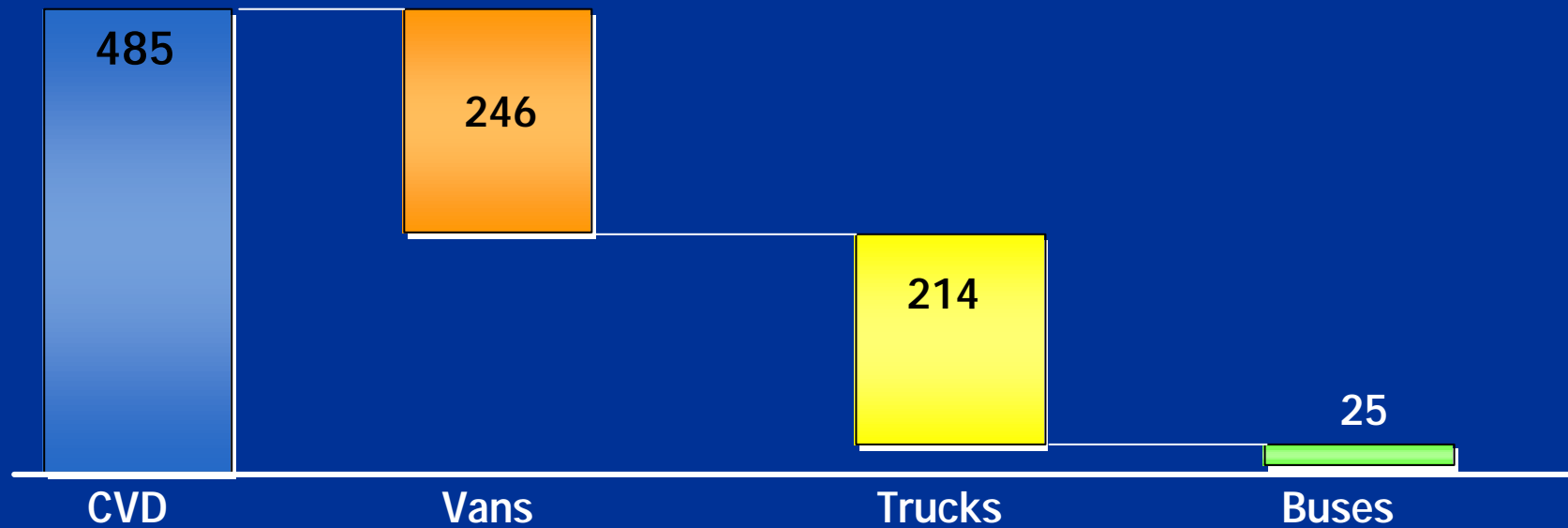
EARNINGS HIGHER DESPITE DIFFICULT MARKETS



* Adjusted for one-time effects

DAIMLERCHRYSLER COMMERCIAL VEHICLE OPERATING IN 3 BUSINESSES: VANS, TRUCKS, BUSES

Unit Sales 2002
[in thousand units]



EXCELLENT PRODUCT PORTFOLIO COVERING ALL MAJOR SEGMENTS

Vans



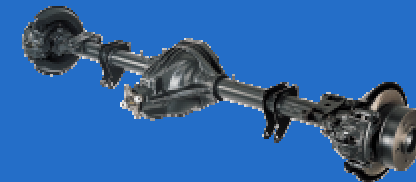
Trucks



Buses



Components



11 STRONG VEHICLE AND COMPONENT BRANDS

8 Automotive Brands

Mercedes-Benz
Freightliner
Sterling
Setra
Thomas Built Buses
Western Star
Orion
American LaFrance



3 Component Brands

Detroit Diesel
Mercedes-Benz
MTU



POSITION EXPANDED IN ASIA IN 2003 WITH STRONG PARTNERS



JAPAN

- Truck & Bus JV with MMC/ Fuso (MFTBC) being realized (43% stake)



KOREA

- Truck and Bus JV with Hyundai Motor (DHTC) being realized (50% stake)

Sales FY 2001:

137,000

54,400

Revenues 2001 in bn €:

5.9

1.20

Position in domestic market:

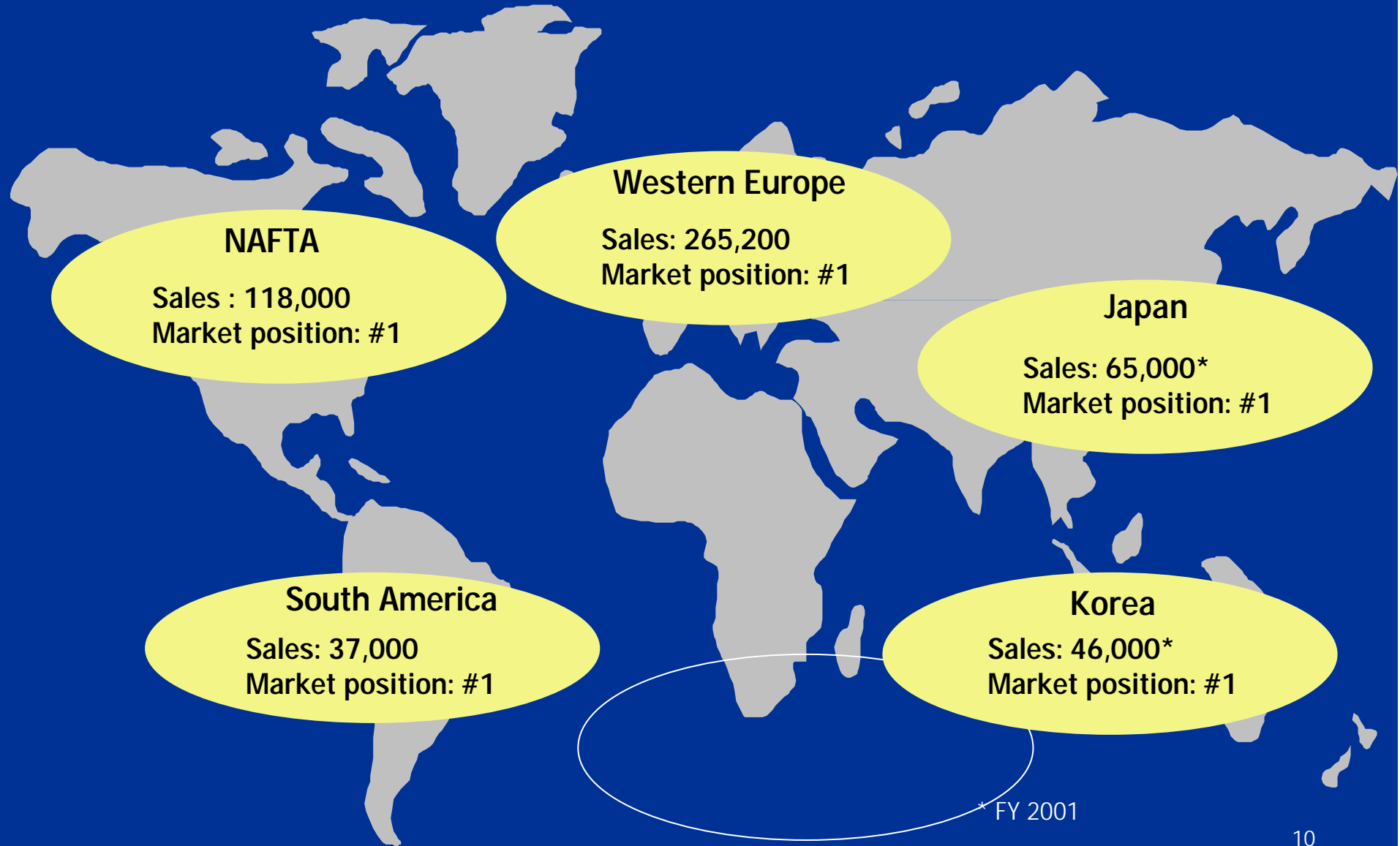
#1

#1

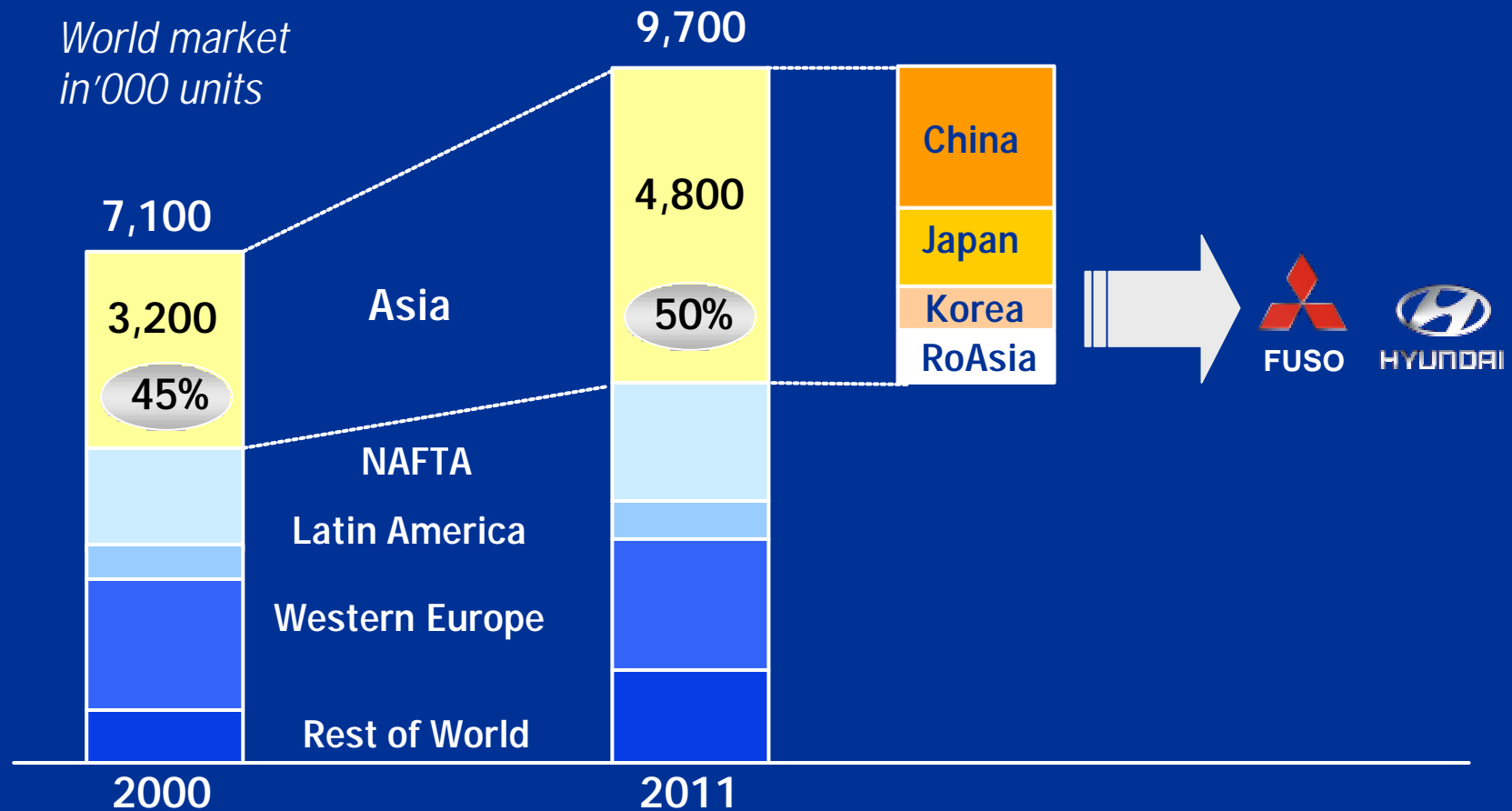
Products:



TOGETHER WITH ALLIANCE PARTNERS DC-CV IS MARKET LEADER



WITH NEW PARTNERS, EXCELLENT POSITION IN INCREASINGLY IMPORTANT ASIAN MARKETS



AGENDA

- Commercial Vehicle Division & Market Environment
- Key Strategies for Profitable Growth
- Turning Scale Into Profit
- Summary

FREIGHTLINER: COMPREHENSIVE SUCCESSFUL PROGRAM TO RETURN TO OPERATIONAL AND MARKET EXCELLENCE



Status

On track:
Returned to profit in Q2 2002

FREIGHTLINER
LLC

A DaimlerChrysler Company

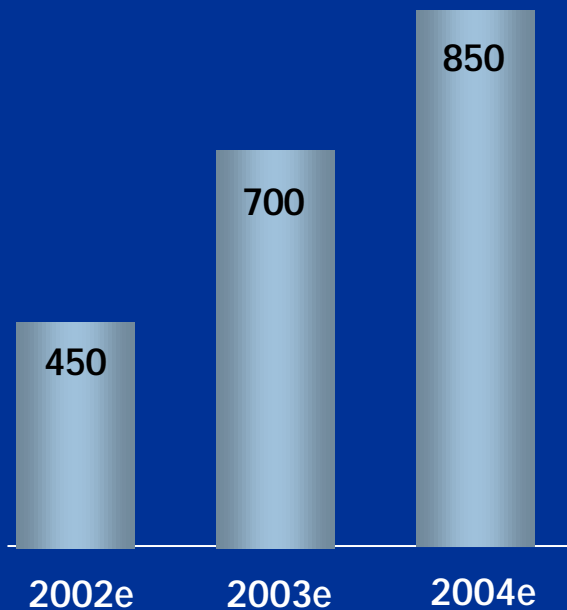
- Market leader, dependent on large fleet sales
- Huge losses in 2001, following severe market downturn
- Problem of very high inventory level of used trucks resolved

Targets 2002/2003

- ➔ Manage turnaround program FLITE successfully
- ➔ Sharpen brand images (brand strategy) and customer focus
- ➔ Establish new business approach (e.g. no buy backs, reduce dependency on large fleets)
- ➔ Optimize structure of dealer network
- ➔ Reduce remaining used truck stocks

FLITE PROGRAM AHEAD OF PLAN; ON TRACK TO TOTAL BENEFITS OF US\$ 850 MILLION BY 2004

In US\$ m



FLITE Turnaround improvement plan in US\$ m

	2002	2003	2004
• <i>Material cost improvement</i>	180	320	370
• Production cost improvement	60	100	120
• Overhead reductions	120	150	170
• Business model improvement	90	130	190
Total Improvements	450	700	850

Achieved 580

AGENDA

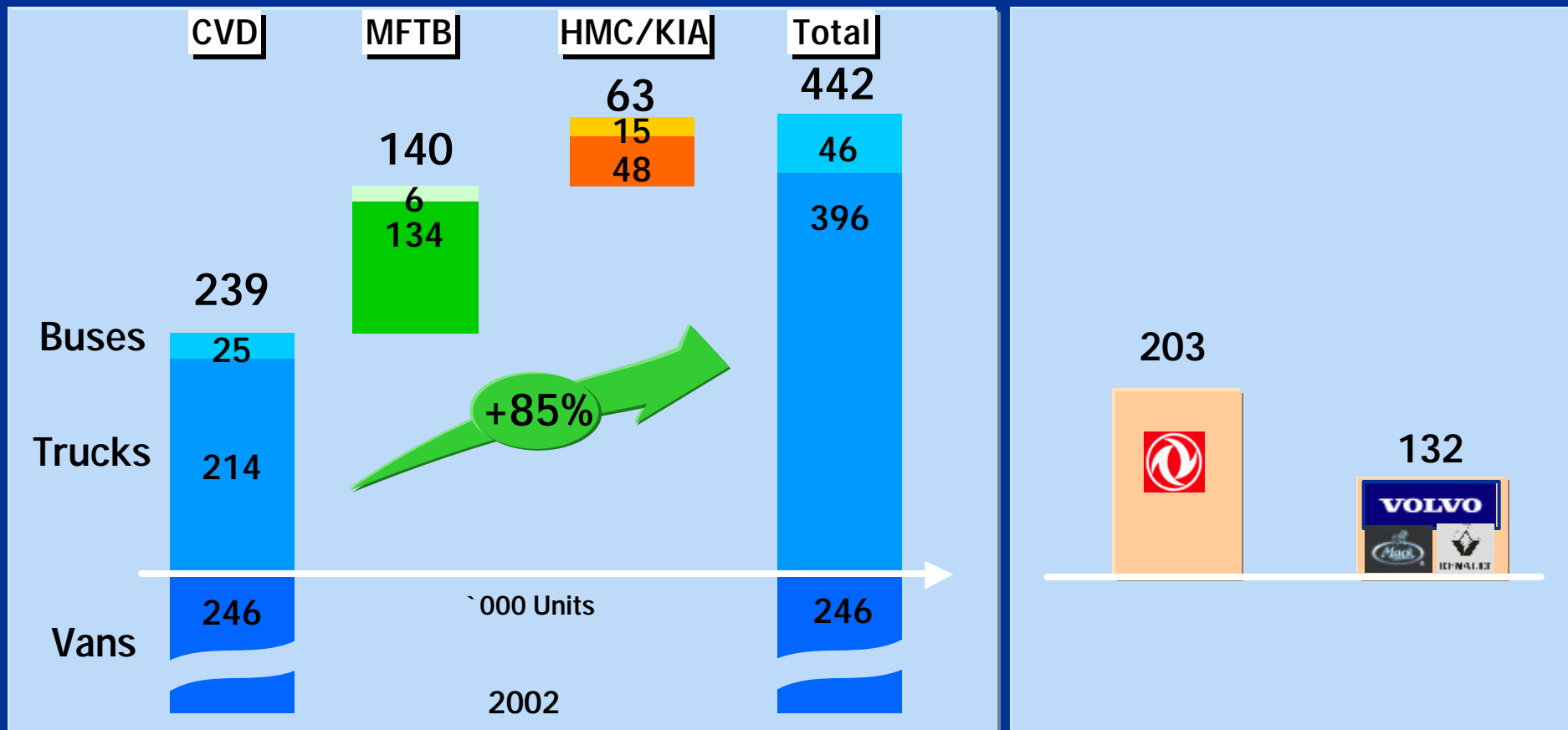
- Commercial Vehicle Division & Market Environment
- Key Strategies for Profitable Growth
- Turning Scale Into Profit
- Summary

CVD IS THE WORLD'S LARGEST COMMERCIAL VEHICLE MANUFACTURER

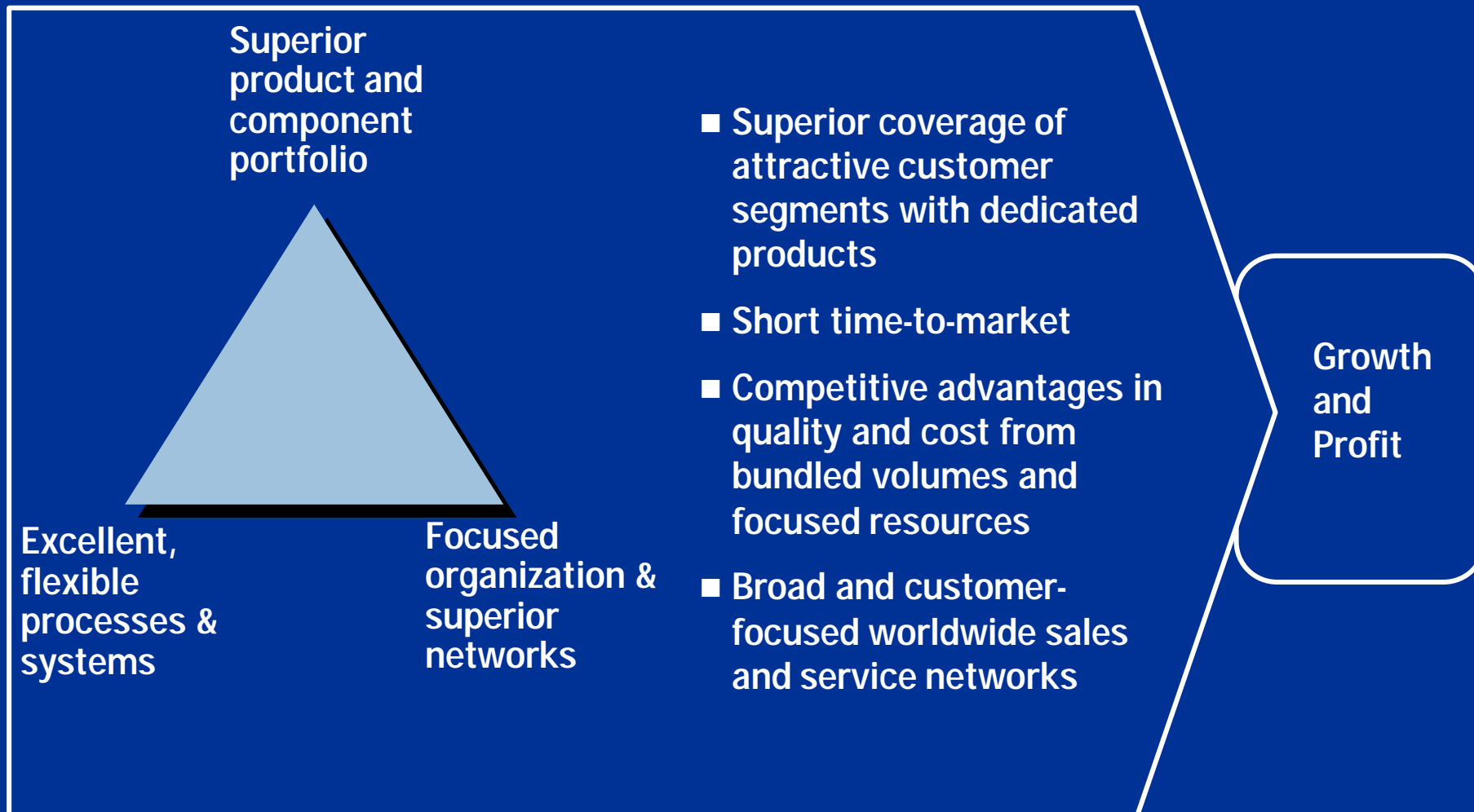
#1 DaimlerChrysler

#2 F.A.W.

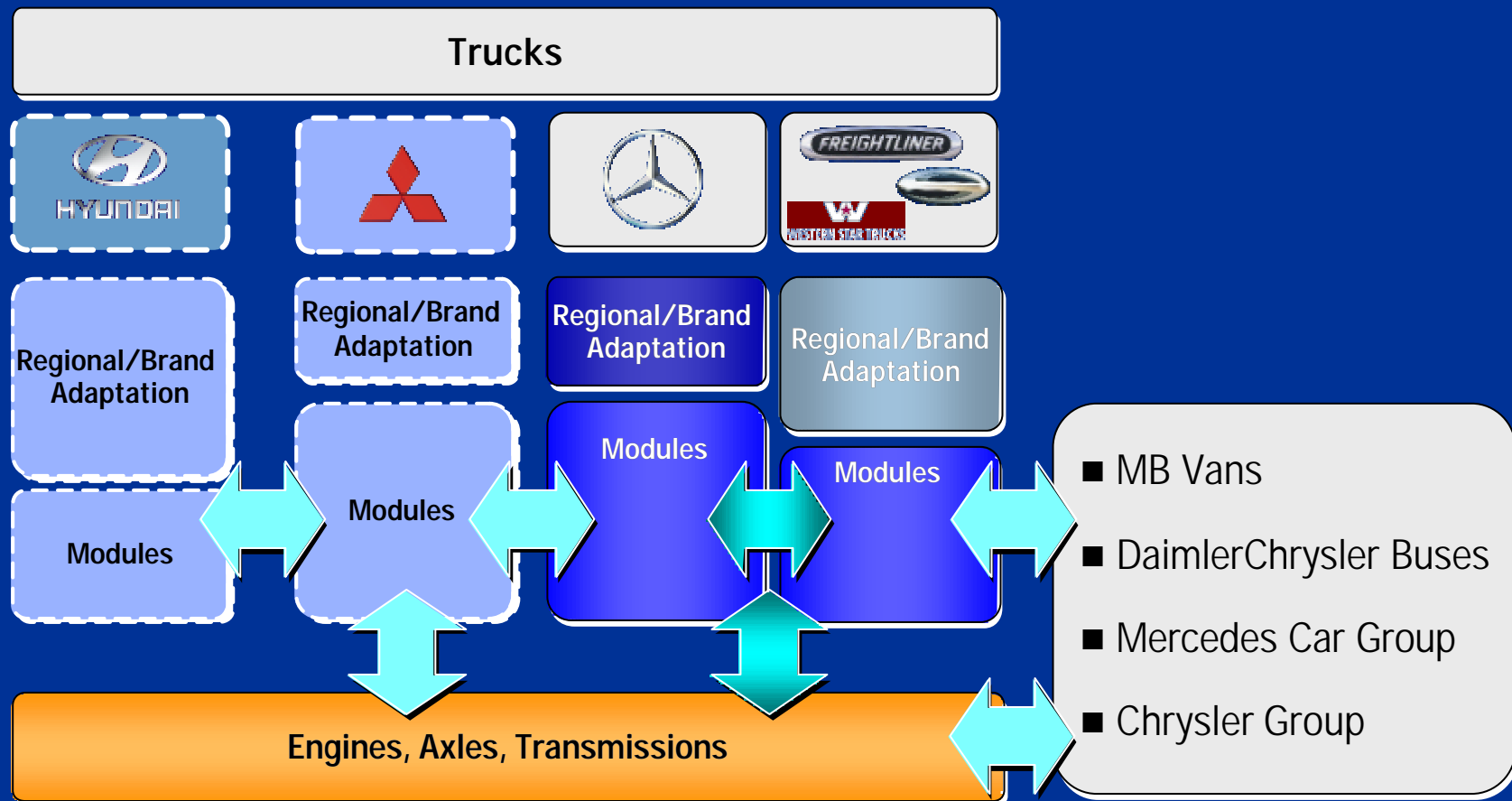
#3 Volvo Group



CVD PULLING ALL REQUIRED LEVERS TO LEVERAGE ITS SUPERIOR SCALE, SCOPE AND BRANDS FOR GROWTH AND PROFIT



KEY PRODUCT LEVEL IS A COMMON COMPONENT/MODULE BASE



FIRST EXAMPLES OF PRODUCT COMMONALITY WITH EXCELLENT MARKET RESPONSE

Axor Truck Europe

- Dedicated product for specific market segment
- IL 6 world engine OM 457
- Cabin Atego derived
- Chassis Actros based



Market launch: 2001
Sales 2002: 4,300 units

M2 Truck

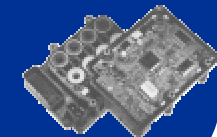
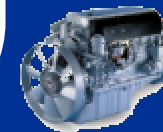
- Engine OM 900 series
- Alu cab know-how transfer
- Selected parts from passenger cars



Market launch: 2002
Sales 2002: 2,000 units

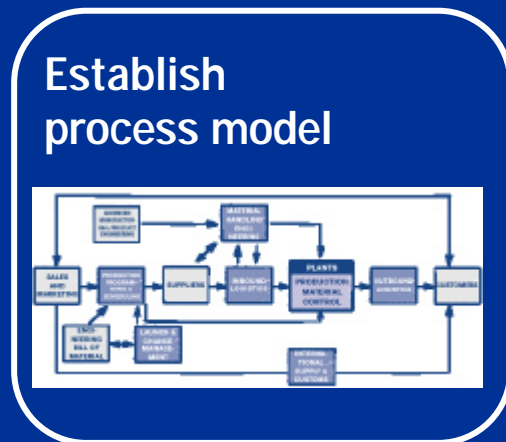
Other examples

- 900 Series engine for DHTC (launch 2004)
- Axor / Atego Trucks for Brazil & Turkey with local adaptations
- Common EE architecture for new HD truck line of Freightliner/MB Trucks



LEVERAGING BEST PRACTICE PROCESS & SYSTEMS KNOW HOW TO ESTABLISH TARGETS AND WORLDWIDE BENCHMARKS

Example: Supply Chain Management



Group-wide internal benchmark incl. also external partners

Crystallize best processes for specific application / environment

Achievements 2002

- Measures identified for approx. 20% cost reduction in 3 years while improving quality and performance
- Move towards harmonized/standardized processes to optimize world wide cooperation
- CVD-wide key performance indicator system to drive performance further

BROAD AND CUSTOMER-FOCUSED SALES NETWORKS LEVERAGED - FIRST EXAMPLES SEEN IN MARKET

Example
Sprinter Van



Freightliner
Sprinter



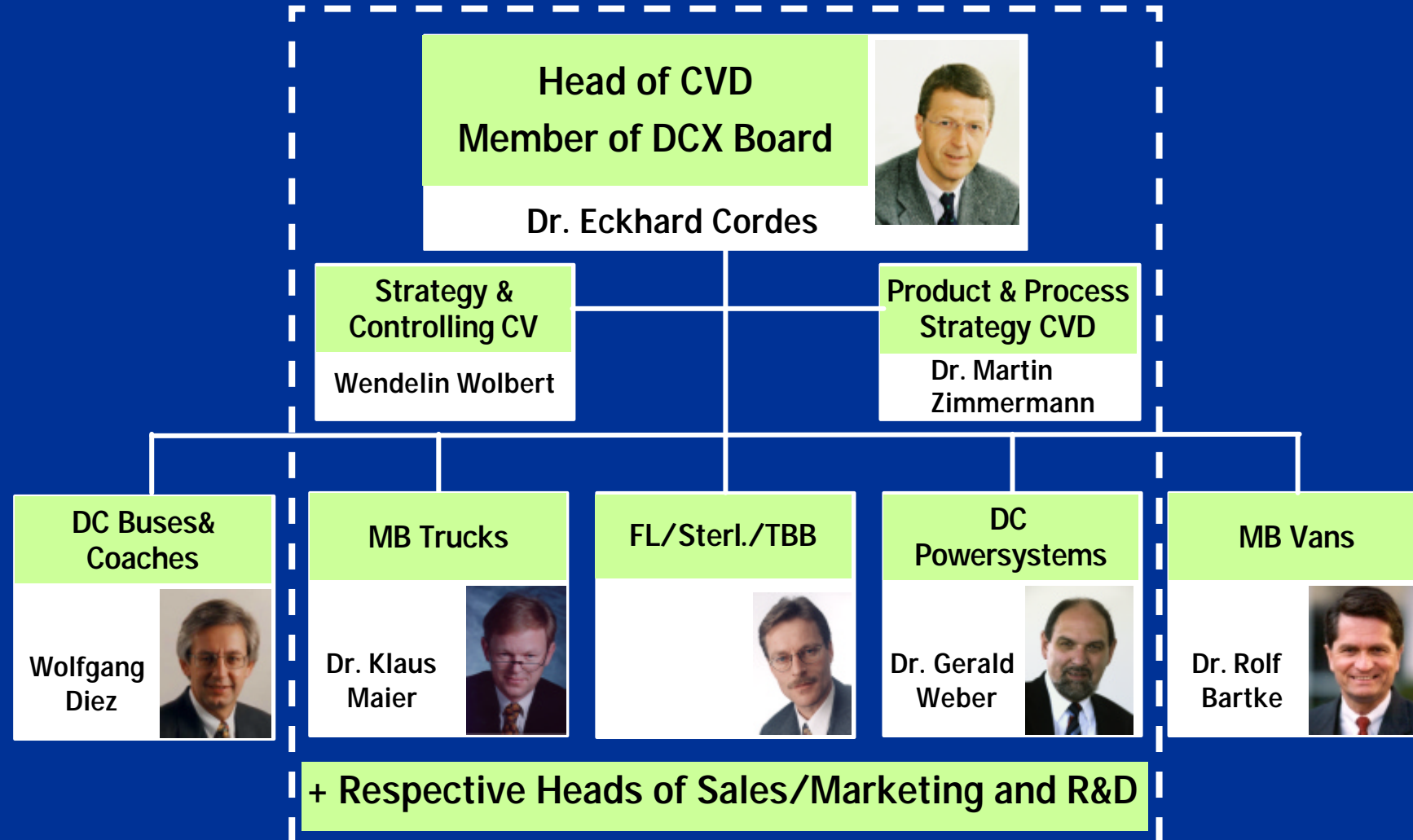
Dodge
Sprinter

Example
MFTB Canter



Sales in 5 countries
through MB network

MARKET FOCUSED ORGANIZATION WITH EFFECTIVE INTEGRATION ELEMENT TRUCK_PDC



AGENDA

- Commercial Vehicle Division & Market Environment
- Key Strategies for Profitable Growth
- Turning Scale Into Profit
- Summary

SUMMARY

- Markets currently weak
- 2002 profit higher despite difficult markets
- Work done to restructure and reposition business for the future
- Excellent product portfolio covering all major segments
- Position expanded in Asia in 2003 with strong partners
- Clear strategy and program in place for sustainable increase in profitability
- CVD is by far the largest commercial truck and bus manufacturer worldwide
- CVD pulling all required levers to leverage its superior scale, scope and brands for growth and profit
- Key product lever is a common component/module base

DAIMLERCHRYSLER

Commercial Vehicle Division

16th Annual Global Industrial Manufacturing Conference
Citigroup - March 12, 2003