
DAIMLERCHRYSLER

2005 RESULTS

&

STRATEGIC OUTLOOK

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Chairman of the Board of Management DaimlerChrysler AG
Head of Mercedes Car Group

Geneva
February 28, 2006

MAJOR ACHIEVEMENTS IN 2005

Group

- 17 new products launched
- Quality improved
- Substantial efficiency gains across all divisions
- Further focus on automotive business

Divisions

- Mercedes Car Group:
Returned to profitability in Q2;
smart restructuring
- Chrysler Group:
Improvements despite difficult
market environment
- Commercial Vehicles Division:
Record level
- Financial Services Division:
Profit on constant high level

IMPROVEMENT IN UNIT SALES AND REVENUES

	2004	2005
Unit Sales	4,702 k	4,829 k
Revenues	€ 142.1 bn	€ 149.8 bn
Operating Profit	€ 5.8 bn	€ 5.2 bn
<i>Operating Profit w/o smart</i> <i>(charges related to realignment of smart business model €1.1 bn)</i>		€ 6.3 bn
Net income	€ 2.5 bn	€ 2.8 bn
Dividend	€ 1.50	€ 1.50

TARGET: BACK TO BENCHMARK PROFITABILITY AND QUALITY

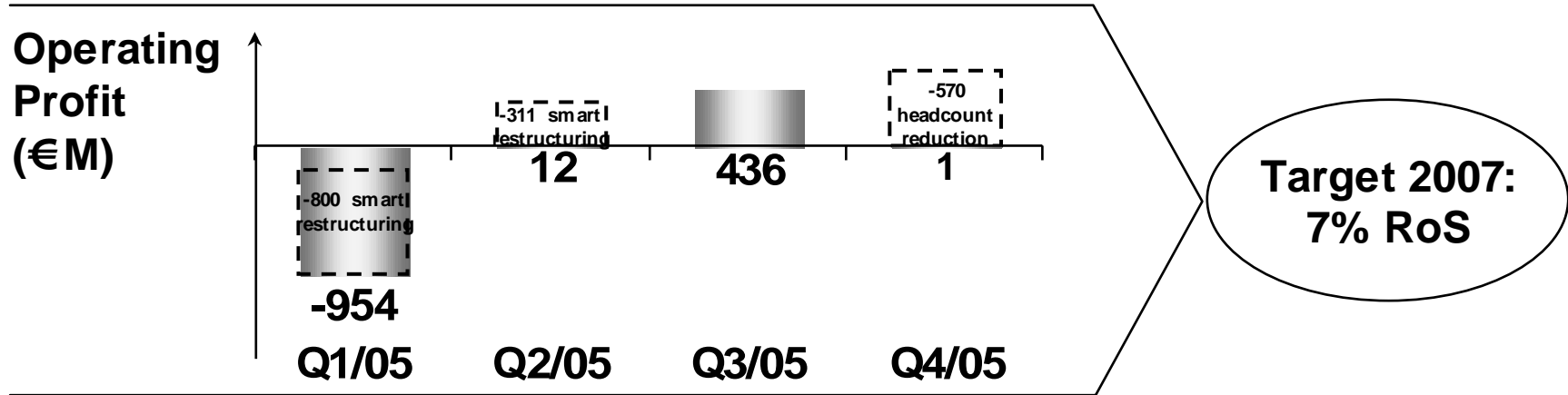
Challenges

- **Costs, efficiency and processes**
- **smart**
- **Stronger customer focus**

Measures & Opportunities

- **“CORE” program, including smart**
- **Customer satisfaction offensive**
- **Ongoing product offensive**

SIGNIFICANT IMPROVEMENTS

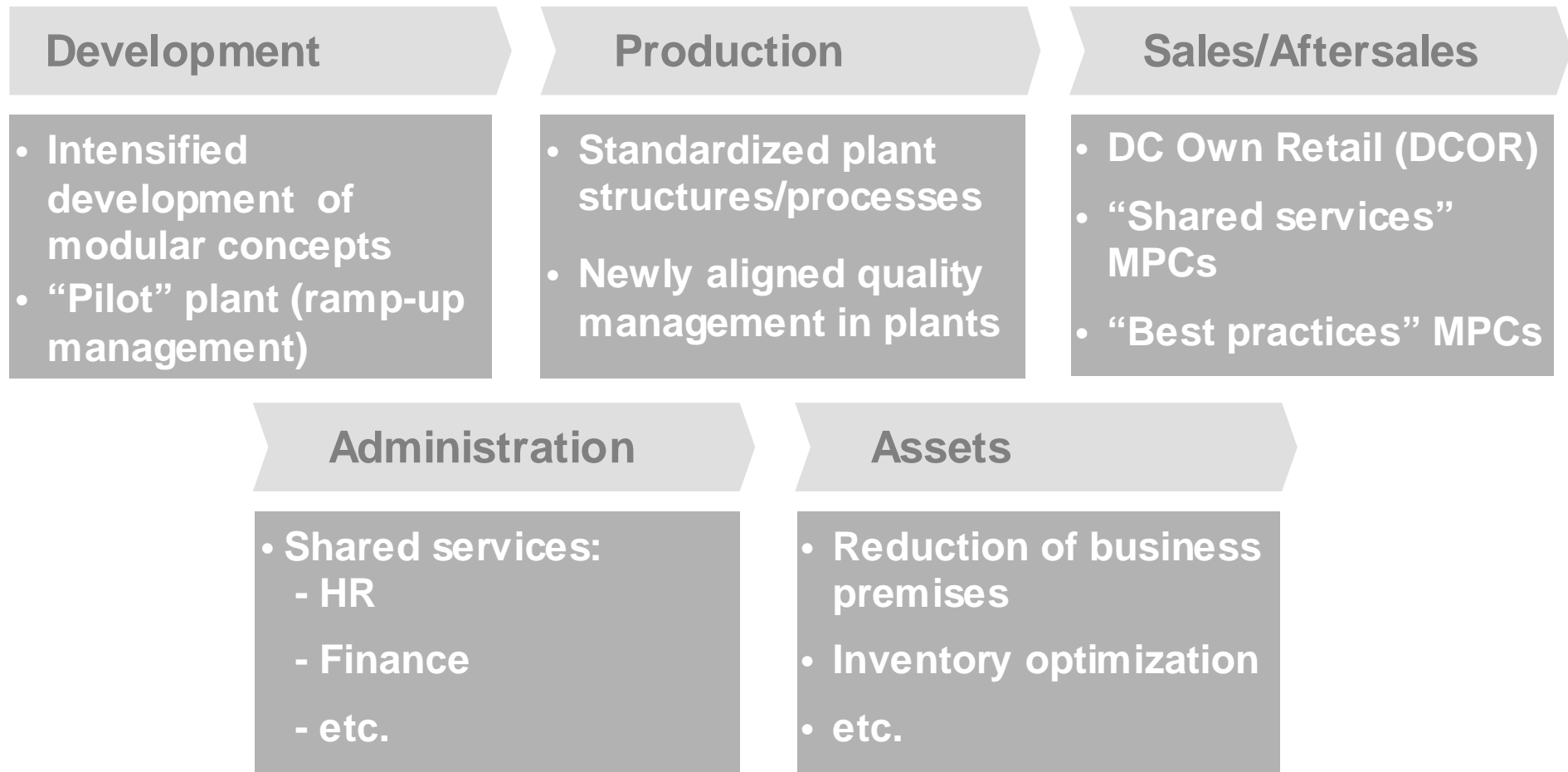


Key measures

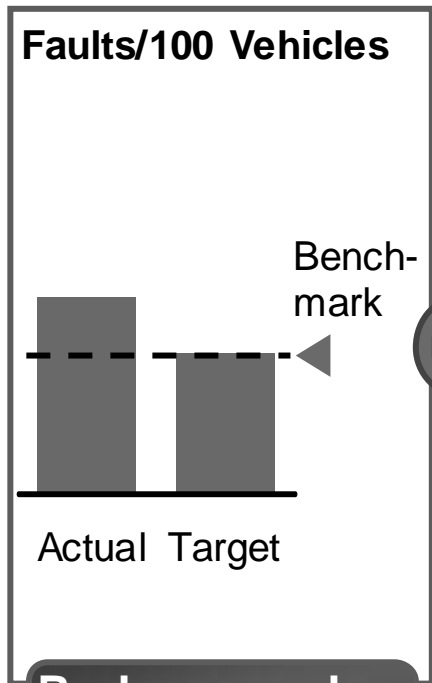
Short-term

- Productivity gains in production
- Reduction in general & administrative expenses
- Optimization of direct material
- Restructuring of smart

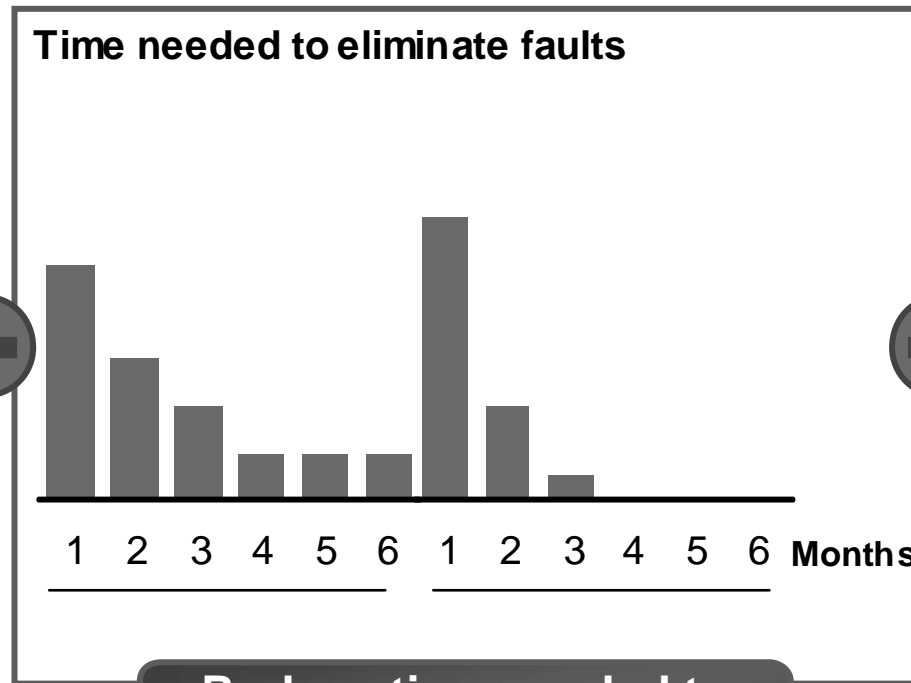
„CORE“ TO DRIVE STRUCTURAL CHANGES



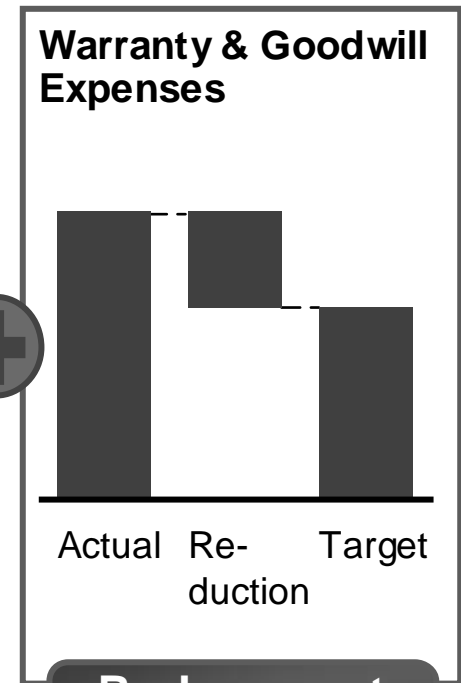
COMPREHENSIVE QUALITY STRATEGY (1/2): REDUCE FAULTS, TIME AND COST



Reduce number of faults



Reduce time needed to eliminate faults



Reduce cost significantly

COMPREHENSIVE QUALITY STRATEGY (2/2): IMPROVE LEVEL OF CUSTOMER SATISFACTION

**SUCCESS
FACTOR**

**KEY PERFORMANCE
INDICATOR**

Quality

e. g. JD Power “IQS”

Customer Satisfaction

e. g. JD Power “CSI”

Consumer Perception

e. g. “ADAC” (Germany),
“Consumer Reports” (US)

Cost of Ownership

e. g. “ADAC TCO” (Germany),
“Edmunds” (US)

Product Appeal

e. g. JD Power “APEAL”

Residual Value

e. g. “Eurotax Schwacke”,
“ALG” (US)



**TARGETS
AND
GLIDEPATH
DEFINED.

MEASURES
ADDRESSED.**

NEW PRODUCTS 2005



Mercedes-Benz M-Class

Launch: 04/05 (US)

NEW PRODUCTS 2005

New B-Class

New R-Class



Launch: 06/05 (GER)

Launch: Fall 05 (US)

NEW PRODUCTS 2005



Mercedes-Benz S-Class

Launch: Fall 05 (GER)

NEW PRODUCTS 2006

NEW GL-CLASS



World Premiere: 01/06 (US)

GENEVA INTERNATIONAL MOTOR SHOW



**SL
New Generation**



New GL-Class



CLK 63 AMG



R 63 AMG



CLS 63 AMG



SL 55 AMG / SL 65 AMG

NEW PRODUCTS 2006



New GL-Class

New Generation
E-Class

New CL-Class

TARGET: SUSTAINABLE PROFITABILITY

Challenges

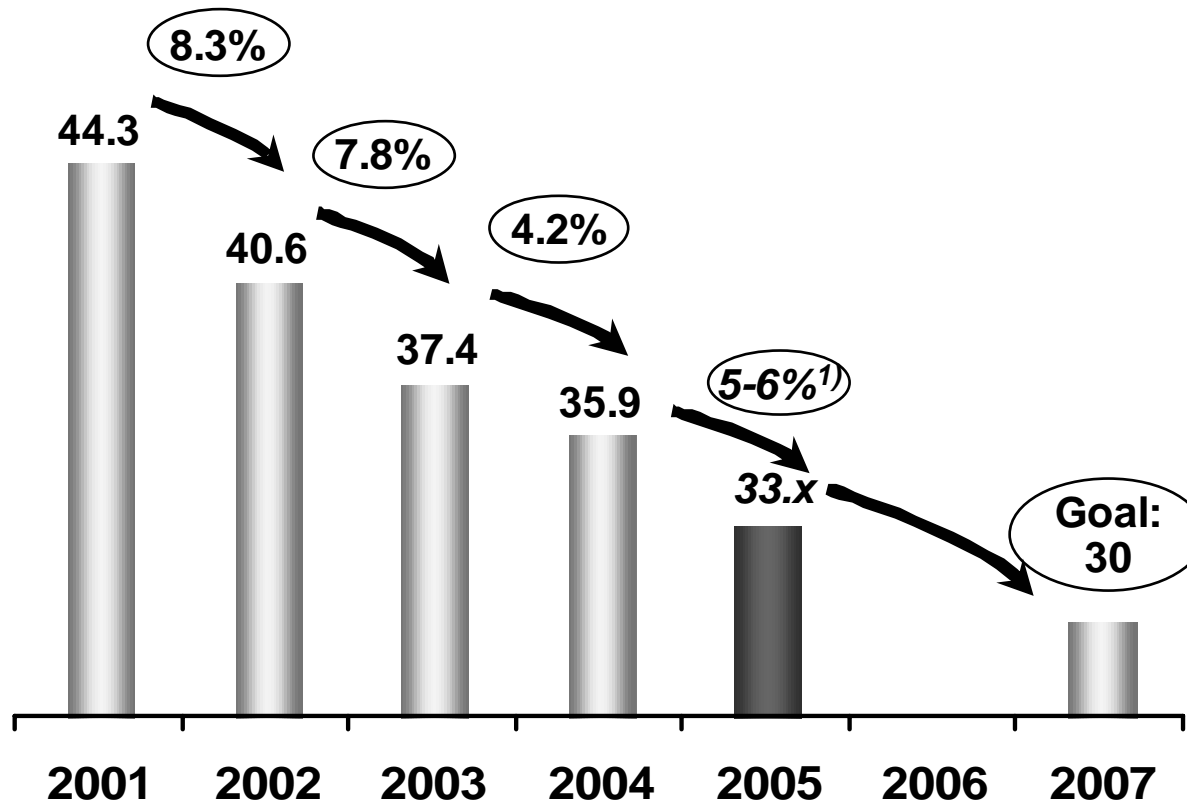
- **Cost position**
- **U. S. market highly competitive, incentive pressure**
- **Increased energy/ fuel prices, material costs**
- **Insufficient presence on international markets**

Measures & Opportunities

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

EFFICIENCY IMPROVEMENTS ON TRACK

Hours Per Vehicle



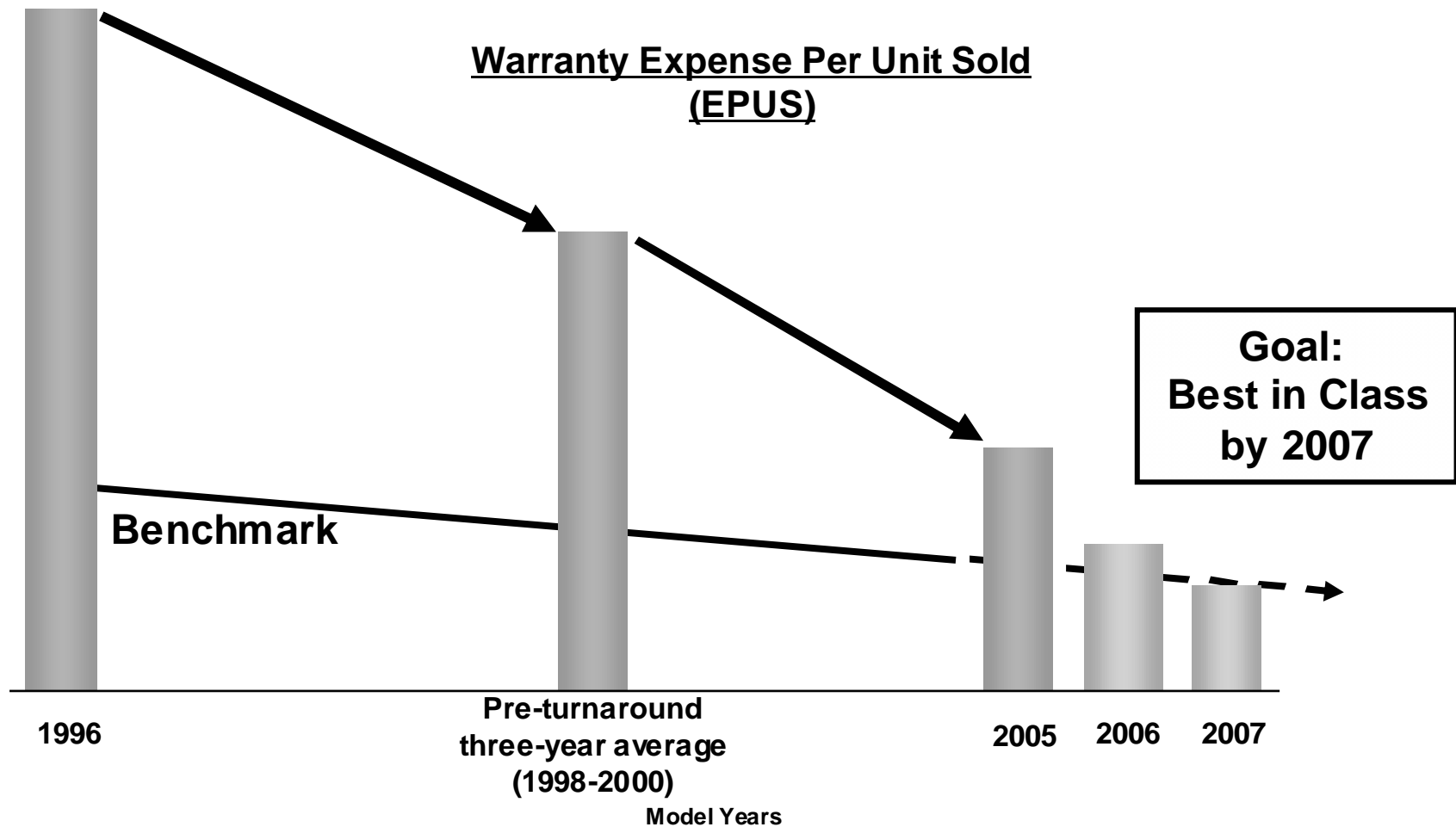
Harbour North America
2004 Results:

- Overall productivity improvement of 4.2%
- Best of US OEMs in transmission productivity
- Engine productivity most improved (9.5%)

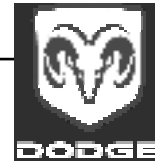
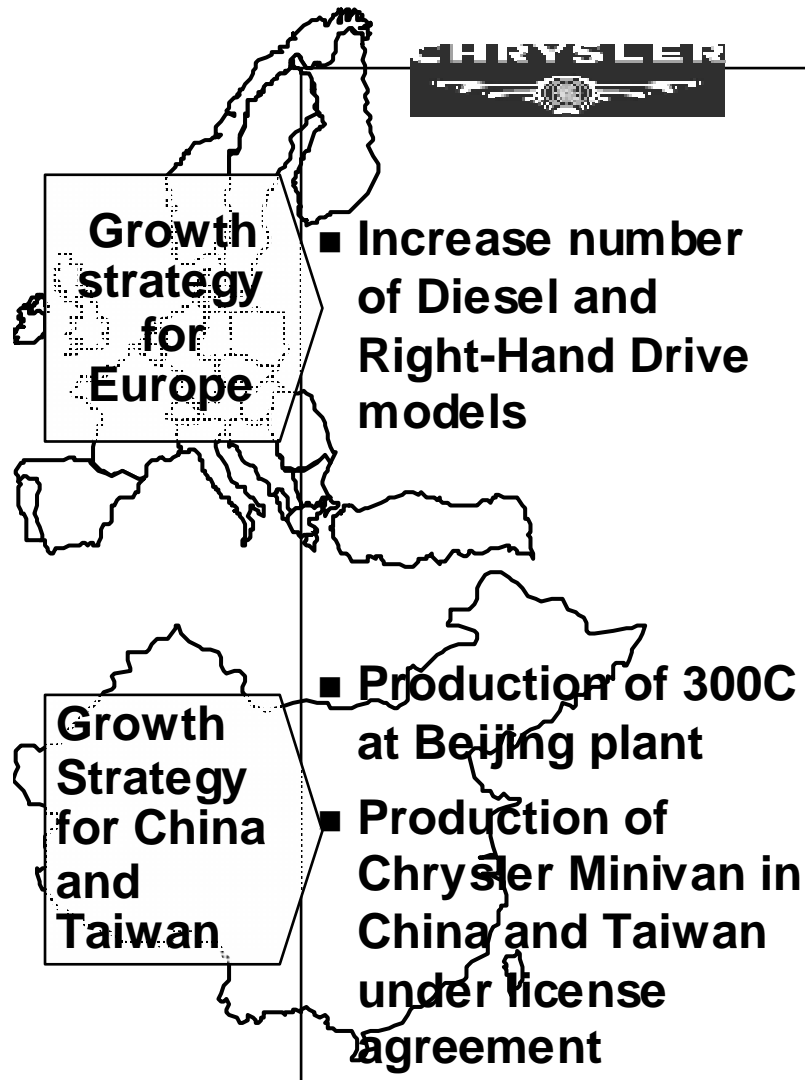
Source: Harbour Report

1) Internal estimate

QUALITY OFFENSIVE: THE GOAL IS TO REACH THE EPUS BENCHMARK BY 2007



REGIONAL EXPANSION



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

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

NEW PRODUCTS 2005



Launch: 08/05



Launch: 06/05



Launch: 10/05

Jeep Commander



Launch: 09/05



NEW PRODUCTS 2006

Dodge Caliber

Jeep Compass

Chrysler Aspen



2006 CONCEPT VEHICLES



Dodge Challenger



Chrysler Imperial

2006 CONCEPT VEHICLES



TARGET: BEAT THE CYCLE

Challenges

- **Managing market cycles**
- **Cost position**
- **Regulatory environment**
- **Fuso home market position**

Measures & Opportunities

- **Global Excellence**
- **Asia expansion through Fuso**
- **Ongoing product offensive**

TARGET: BEAT THE CYCLE

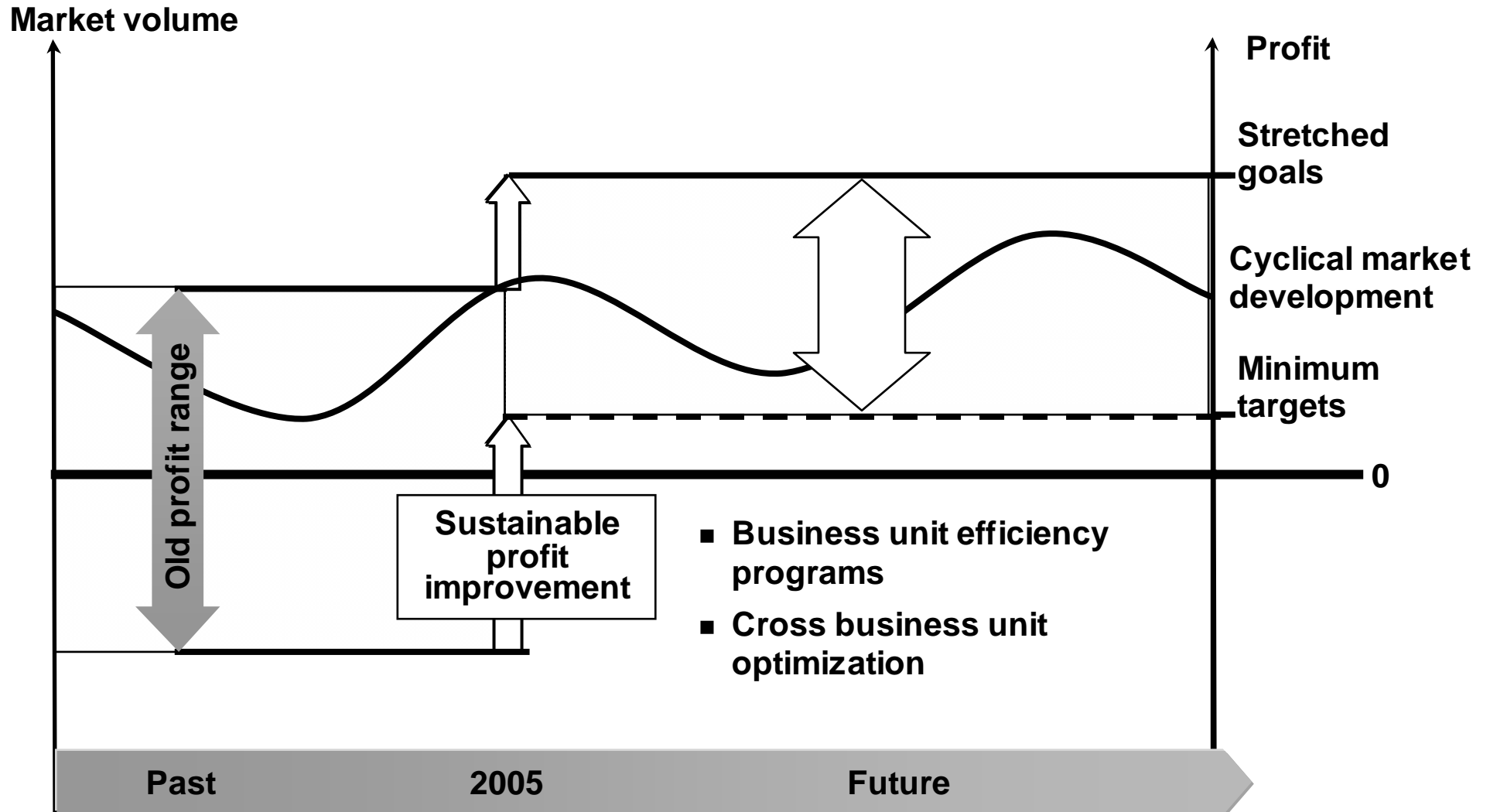
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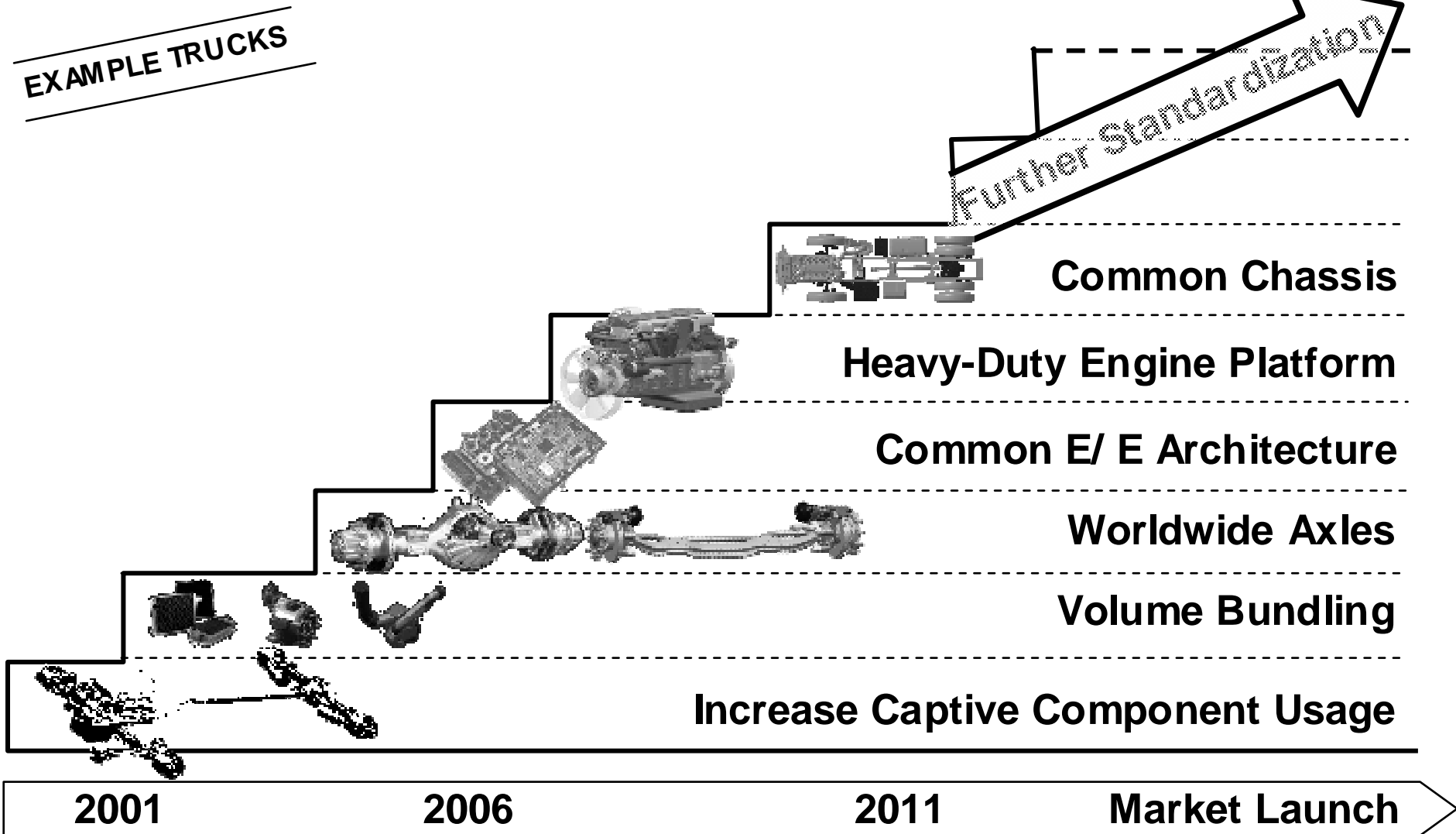
Measures & Opportunities

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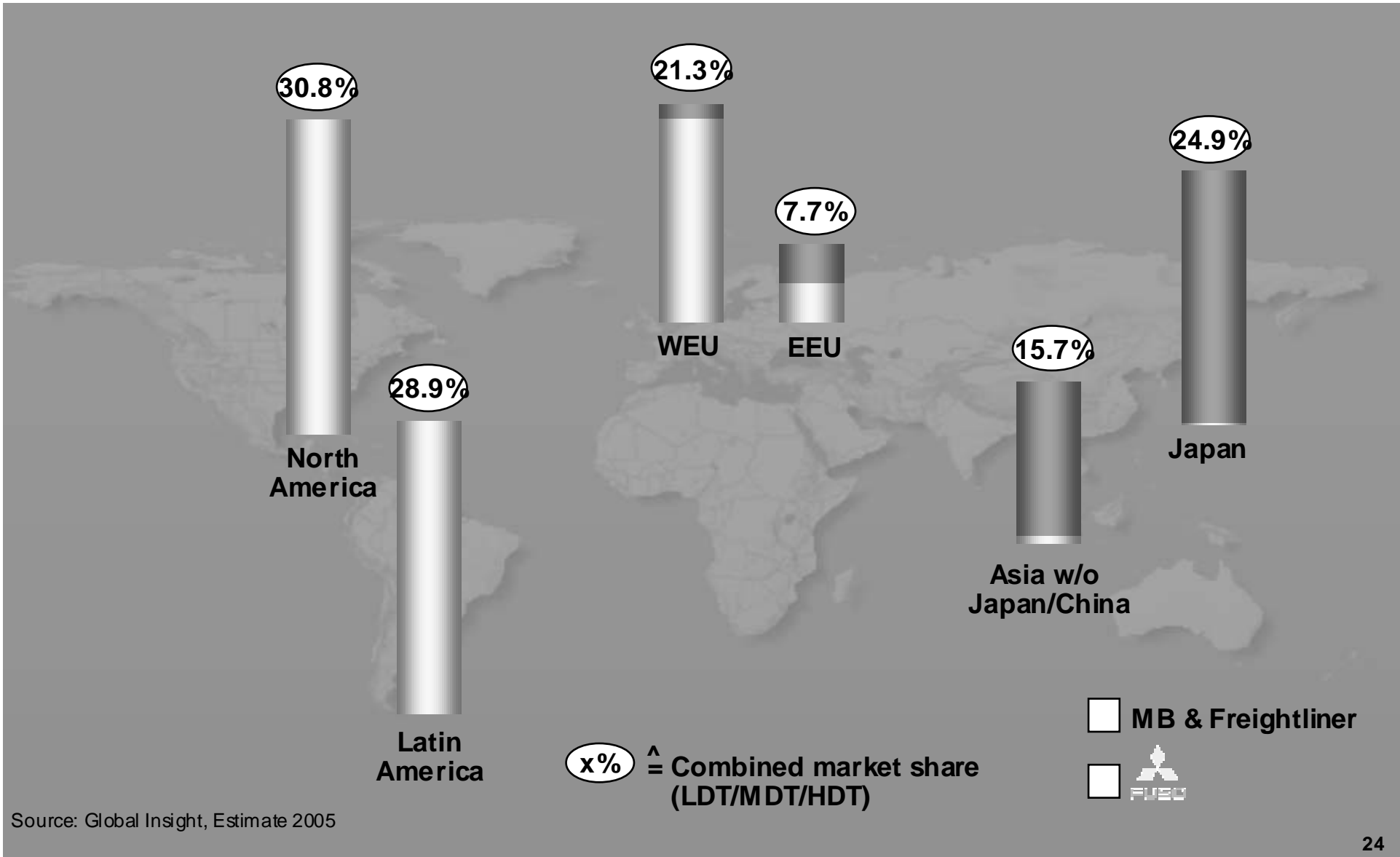
GLOBAL EXCELLENCE INITIATIVES TO REDUCE COSTS



COMMONALIZATION FOR FUTURE PRODUCTS



FUSO IMPORTANT PILLAR FOR ASIA STRATEGY



Source: Global Insight, Estimate 2005

NEW PRODUCTS 2005

Trucks



Canter TD (Europe)



Fighter (Japan)



Atego Construction



Axor Construction

Buses
& Coaches



MB Integro



MB Travego

NEW VANS 2006



Mercedes-Benz Sprinter

NEW TRUCKS AND BUSES 2006

**Fuso:
Canter Hybrid**

**Sterling:
360 LDT**

**Western Star:
Stratosphere HDT**



**Mercedes-Benz:
Tourismo**

**Mercedes-Benz:
Citaro LE**

**Setra:
Multiclass**



TOP POSITION IN TECHNOLOGY

Drivetrain



BlueTec

Hybrid

Fuel Cell

Safety



ESP/Stability control

Proximity control/
Active brake assist

Lane assistant

TARGET: EFFICIENCY AND EXPANSION OF CAPTIVE BUSINESS

Challenges

- Higher interest rates
- Costs

Measures & Opportunities

- Reduce costs and improve operating margins
- Concentration on captive business
- Further expand support of automotive business in new markets

DCFS TO STRENGTHEN CAPTIVE BUSINESS

Focused Business portfolio

Sale of:

- debis AirFinance
- Structured Finance GmbH
- Commercial Insurance Brokerage Germany

Expanded support of captive business

- New segments, e.g. Fuso Financial Services
- New markets, e.g. China: DaimlerChrysler Automotive Finance Ltd.

SPECIFIC FOCUS OF DIVISIONS

**Mercedes Car
Group**

**Back to
benchmark
profitability
and quality**

Chrysler Group

**Sustainable
profitability**

**Commercial
Vehicles**

Beat the cycle

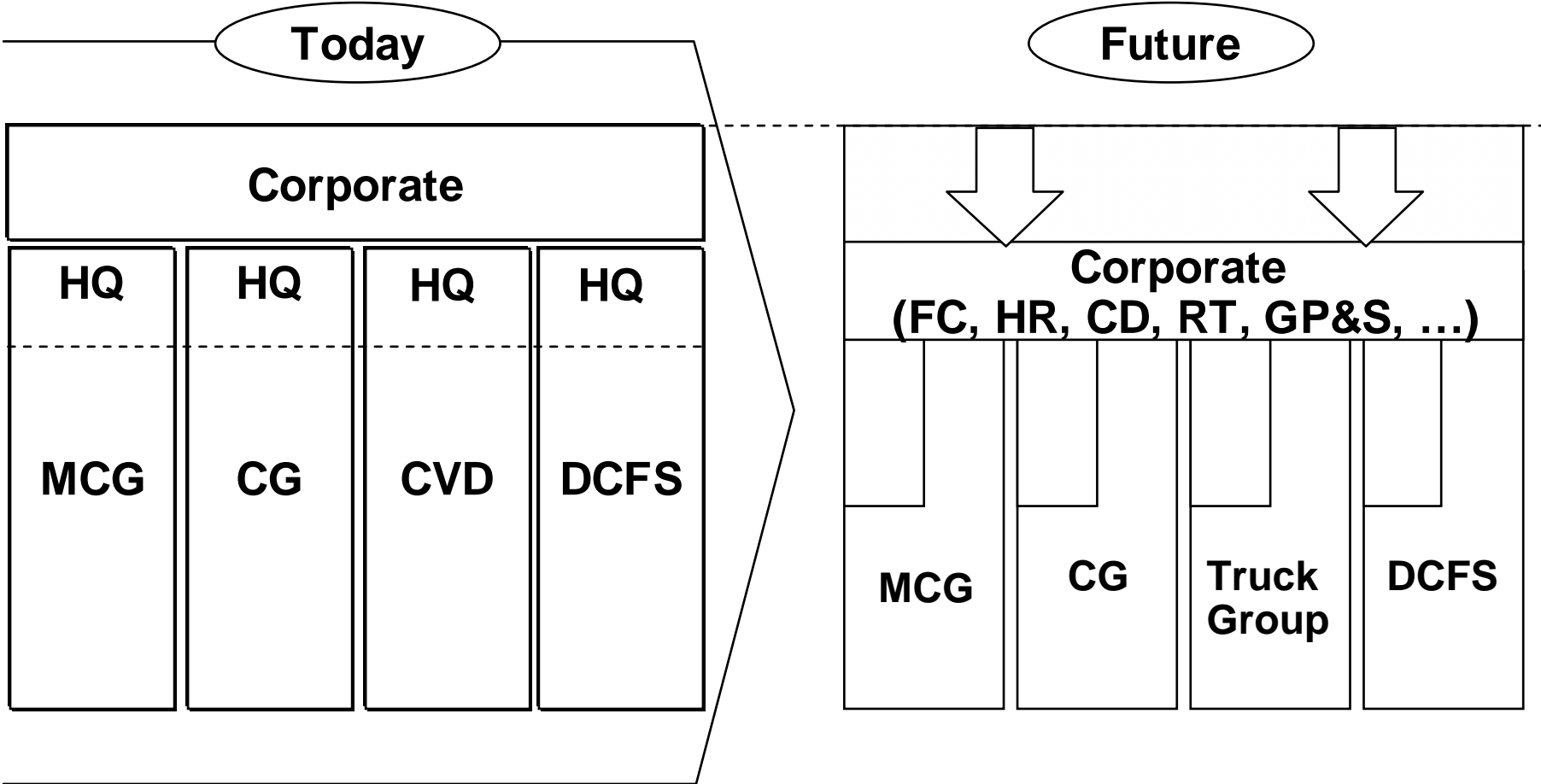
**DC Financial
Services**

**Efficiency and
expansion of
captive business**

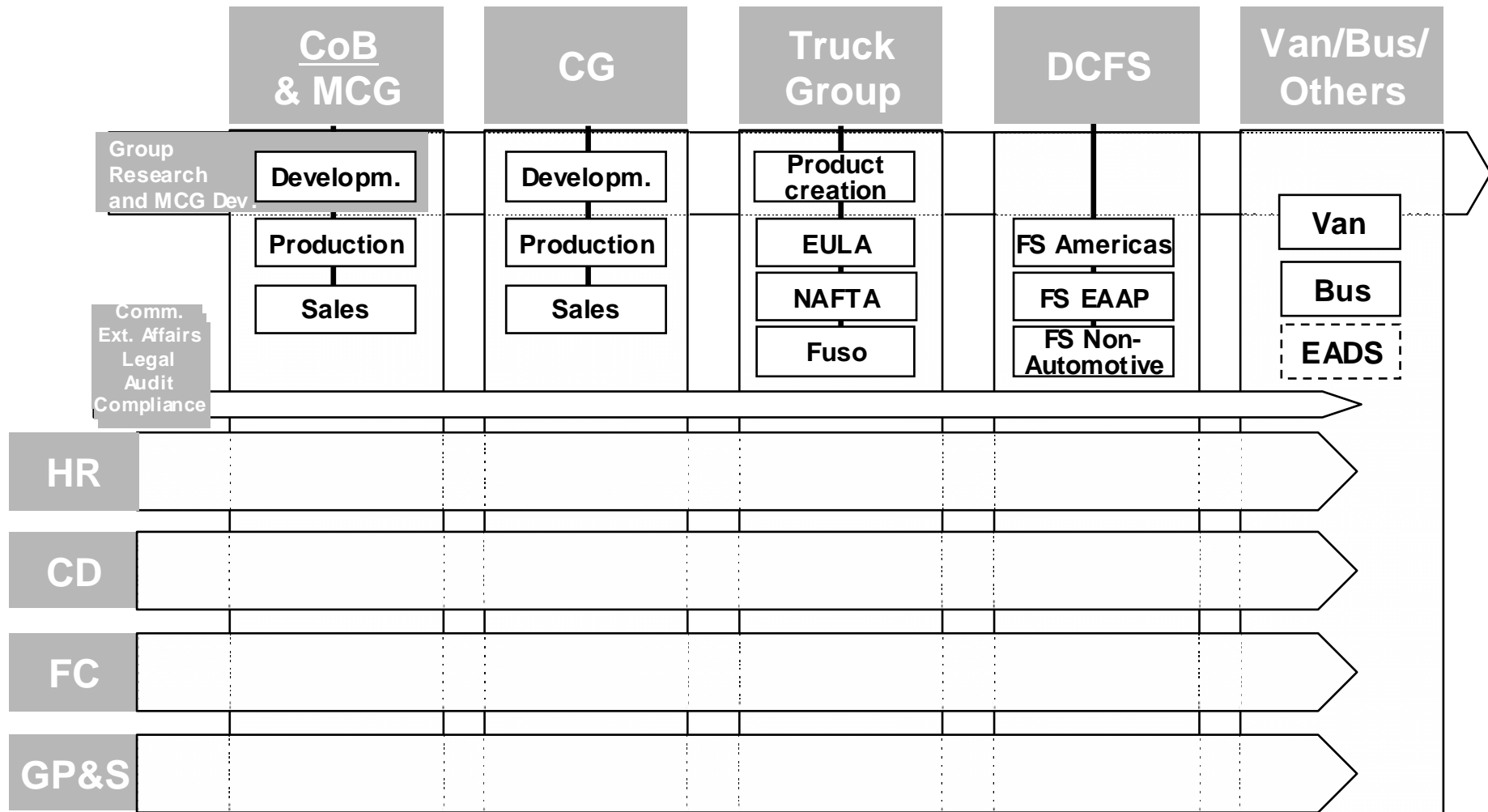
CONTINUOUS INCREASES IN OPERATING PROFIT ANTICIPATED DURING THE FOLLOWING YEARS

- **Product offensive with more than 50 new vehicles in the period of 2005 through 2008**
- **Ongoing efficiency improvement programs in all divisions**
- **Enhanced cooperation within the Group through New Management Model**

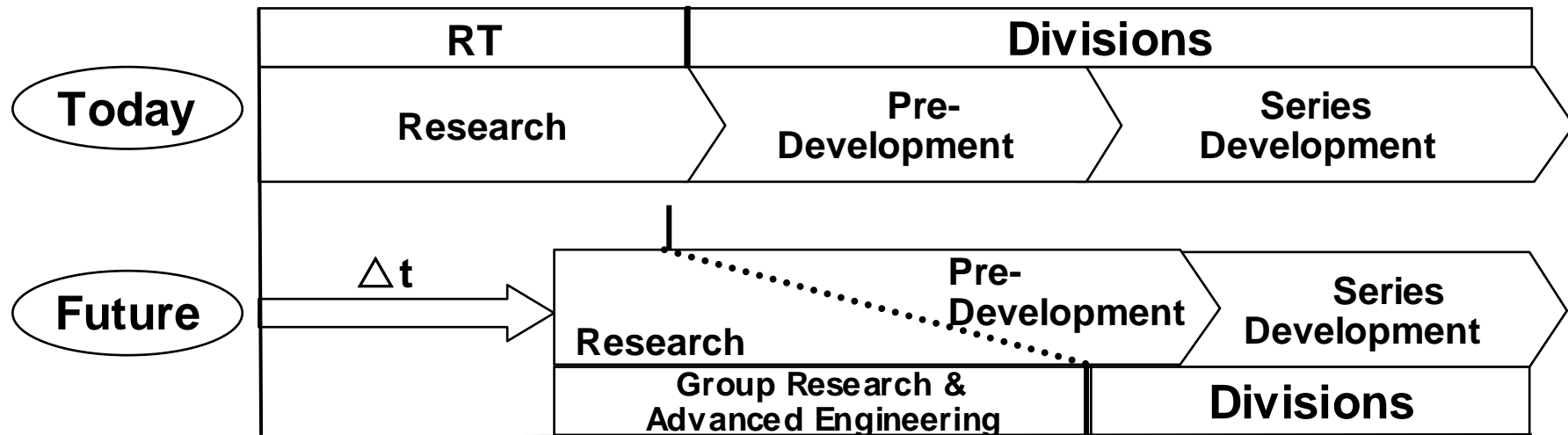
THE NEW MANAGEMENT MODEL



TARGET: FUNCTIONAL INTEGRATION – FOCUS ON OPERATIONAL CORE PROCESSES & PRODUCTS



INTEGRATION OF GROUP RESEARCH AND ADVANCED ENGINEERING



Extension of Group Research to Advanced engineering enables 'more with less'

OUR COMMON GOALS

**Superior and inspiring
Products and Services**

Fascinating products

Best price/value ratio

**Excellent customer
service**

Operational Excellence

High performance organization

Efficient processes

**Cross-divisional
cooperation**

Profitable Growth

DISCLAIMER

These figures are preliminary and have neither been approved yet by the Supervisory Board nor audited by the external auditor.

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; supply interruptions of production materials, 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.