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Chairman
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Speech at the Annual Meeting

Berlin

April 9, 2003

Ladies and Gentlemen,

Our meeting is overshadowed by the war in Iraq.

Irrespective of the political discussion, our feelings go out to those families all over the world who are affected. We hope that this conflict will soon be over and that the people of the region are [then] able to live in peace and stability.

It's hard for all of us to concentrate on business matters against the backdrop of these dramatic events. Nevertheless, I would like to welcome you most cordially, also on behalf of my Board of Management colleagues to this year's Annual Meeting here in Berlin.

I will first report briefly on the 2002 financial year, and then describe to you how we intend to shape the future success of DaimlerChrysler.

2002 was a year that featured growing political uncertainty and weak economic growth worldwide. In view of this difficult environment, we are satisfied with our performance last year:

- We achieved all of our earnings goals – and actually surpassed some of them.
- We made our processes even leaner and can now work more efficiently as a result.

- We made significant progress with the implementation of our corporate strategy.
- And we placed many fascinating new vehicles on the road.

On the year 2002

First the key figures for last year:

- We increased slightly our adjusted Group revenues, compared with the previous year.
- Our operating profit of €5.8 billion was more than four times as high as in 2001.
- Our company's balance sheet continues to be in very good shape. Our cash flow improved significantly, and we have substantially reduced our financial liabilities.

We are satisfied with these results, above all because we achieved them in extremely difficult circumstances – in an environment that was marked by great uncertainty and declining consumer confidence worldwide.

It's true that there was a little economic growth in North America and South-east Asia. However, Europe, South America, and in particular Japan were again disappointing.

Against this background we see the results we have achieved as:

- An important step on our way to sustained profitability,
- A demonstration of your company's fundamental strength, and
- Above all, evidence of the abilities and commitment of the entire DaimlerChrysler workforce.

I would like to take this opportunity to express my special and wholehearted gratitude to all of our employees:

- From Auburn Hills, to Stuttgart, to Tokyo;
- From development engineer to customer advisor; and
- From apprentice to manager, for their tremendous work and achievements!

Ladies and Gentlemen,

The good progress we made last year and our confidence in the further development of DaimlerChrysler are also reflected by our dividend proposal.

The Board of Management and the Supervisory Board today propose to you payment of a dividend of €1.50 per share. This represents a 50% increase and a dividend distribution of €1.5 billion.

This dividend proposal is also an expression of the fact that we performed well in all of our divisions in 2002.

Let me first turn to the Mercedes Car Group.

Mercedes Car Group

In January of this year, we combined the activities of Mercedes-Benz Passenger Cars, Maybach and smart under the umbrella of the "Mercedes Car Group".

In 2002, the Mercedes Car Group once again surpassed its record results of the previous year in terms of unit sales, revenues and earnings. Mercedes-Benz succeeded in gaining market share and further extending its leading position among the luxury brands.

- The highlight of last year was the new E-Class, which, according to readers', polls was Europe's Number 1 automobile.
- The market also gave an excellent reception to the new CLK coupe. This car combines sporty dynamism with timeless elegance.

- After an absence of more than 60 years, a legendary automotive brand celebrated its comeback – the Maybach. The production volume for 2003 is completely taken up by customer orders.
- And the smart also did well – with unit sales significantly higher than the year before.

Chrysler Group

The Chrysler Group made impressive progress last year – both on the product side and with regard to efficiency.

A year ago I reported to you that our goal for 2002 was to break even. Today I am able to say we did much better than that. With an operating profit of more than €1.3 billion, Chrysler Group by far exceeded our original target.

Decisive factors in this development were higher savings, process improvements and a slight increase in unit sales.

It is particularly noteworthy that this result was achieved in a declining US market, which continues to feature very intensive competition and high price incentives.

The quality of Chrysler, Dodge and Jeep vehicles has also improved significantly. Warranty costs have been reduced by more than 20%. And Chrysler Group has set itself the target of repeating this improvement in the 2003 model year.

Commercial Vehicles

Understandably, our Commercial Vehicles division had to battle especially hard against a sluggish economy. Worldwide demand fell sharply. Some markets virtually collapsed.

- Nonetheless, our trucks, vans and buses succeeded in maintaining their leading position in the world's markets.
- With our strategic partners in Japan and South Korea we agreed on extensive co-operation and thus set the course for the future.
- And we successfully continued with the restructuring of Freightliner, our truck subsidiary in the United States. We reached profitability much earlier than had been anticipated.
- Overall, we increased the Commercial Vehicles division's operating profit and nearly held unit sales and revenues at the prior year's levels.

Despite these improved earnings we are, of course not satisfied with the absolute level of profitability. Consequently, last year saw us initiating cost-cutting and efficiency-improving activities in all business units designed to stabilize decisively our position as world market leader.

DaimlerChrysler Services

The Services division significantly improved its earnings last year.

We continued to concentrate on automotive and customer-retention services and reduced our non-automotive Capital Services portfolio as planned.

In July 2002, we founded the DaimlerChrysler Bank. Within a mere nine months we succeeded in attracting 270,000 customers. Of particular relevance is the fact that more than a third of them do not yet drive one of our brands. Overall we are already able to report total deposits of more than €2 billion.

EADS and MTU Aero Engines

Our so-called "Other Activities" also made a positive contribution to the Group's net income:

- Our MTU Aero Engines business unit once again posted a good result despite weak demand.
- EADS, in which we hold a 33% stake, is the second-largest aerospace company in the world, and has achieved its targets in terms of earnings and revenues irrespective of difficult market conditions.

Ladies and Gentlemen,

I would like to take this opportunity to commemorate the life of the former Co-Chairman of EADS, Jean-Luc Lagardère, who passed away recently.

Jean-Luc Lagardère was a brilliant entrepreneur, a great European and – for me personally – a friend who was really close to my heart.

Without his farsightedness in business and his truly great political abilities, it would not have been possible to create an integrated European Aeronautic and Defense company. Jean-Luc Lagardère's death leaves a gigantic hole in the European business community.

Mitsubishi Motors Corporation

Ladies and Gentlemen,

Back to the business development of last year!

Our Japanese alliance partner, Mitsubishi Motors Corporation, also made good progress.

- In the passenger-car business it achieved its targets, and in some cases surpassed them. The restructuring process planned for the next several years is proceeding as planned.
- MMC's focus is now on launching new and attractive products that will enthuse the customers. Quality improved demonstrably – according to a Japanese study it was 20% better than in the prior year.

Assessment of profitability in 2002

Ladies and Gentlemen,

As you can see, we have made significant progress in all our divisions. This is confirmed by the results of the year 2002.

Last year was an important step for us – but just one of the steps on the way to sustained profitability. More will follow. These developments should also have a positive effect on the share price.

None of us is satisfied with the performance of our share price. Given the generally negative equity-market trend the true potential of DaimlerChrysler cannot emerge.

We are confident, however, that in the medium term our share price will more adequately reflect the fundamental strength and future prospects of our company.

Germany as a business location

What do we expect for this year?

2003 is certainly very challenging.

The economic situation in Germany is a particular burden. Instead of the original forecast of 2.3% growth, the so-called experts today assume a maximum of 0.4%. And even this rate is in question.

If Germany as a business location is to remain internationally competitive, further reforms are essential.

What has to be done was discerned long ago, and is now well known. It is therefore time to stop complaining and seeing things negatively.

Rather, we need a positive general attitude. We need to believe in ourselves again.

We need the courage to take this difficult path – even if the first steps forward will be painful.

We need to have confidence in our strengths:

- Highly qualified, committed and motivated employees,
- The tremendous network between internationally operative companies and innovative SMEs, and
- The strong purchasing power of our population.

Germany has enormous potential. And Germany can do better!

It's now time to tackle our problems together.

I can only speak for DaimlerChrysler. Of course, our employees sometimes have interests that are different from their employer.

But even though discussions are sometimes conducted in a tough manner, there is always focus on a common goal – to secure the sustainable future of our company and its workforce.

And – at the end of the day – we have always managed to find a solution supported on both sides. I believe, Mr. Klemm, that as the

longstanding Chairman of the Group's Labor Council, you can corroborate this statement.

In many other companies in Germany there are similarly swift and pragmatic solutions that could serve as good examples.

At DaimlerChrysler we believe in Germany as a location for business. Evidence of this is provided by our investments which, last year alone, totaled far above €6 billion, not to mention an annual procurement volume from our German suppliers of around €40 billion.

Outlook for 2003

In addition to the situation in this country, the current global economic and geopolitical situation is another source of uncertainty. Almost every month the experts have revised their forecasts for the year 2003 downwards:

- For the United States, economic growth estimates meanwhile fell from 3.3% to 2.4%.
- For Europe from 2.6% to 1.4%.
- For Japan from 0.7% to 0.4%.
- Only the emerging markets of Asia, driven by China, are expected to enjoy strong growth, estimated at 5.3%. It is not yet clear,

however, to what extent the Severe Acute Respiratory Syndrome, SARS, will effect economic growth in Asia.

Against this background, what are our forecasts for 2003?

As a result of our company's positive performance last year, and the way this prepared the ground for DaimlerChrysler's current cycle, we stated at our annual press conference in February that – compared with 2002 – we plan to improve our 2003 operating results excluding one-time effects.

We stand by that statement, even though the global business environment has deteriorated significantly.

This statement is based on the assumption that the war in Iraq will soon be concluded, and that there will be no more factors that might have a markedly harmful effect on the world's economies relevant to our business.

We are well in control of those levers in our business over which we have direct influence.

Overall, however, it has become much more difficult to reach the targets we have set ourselves. Nonetheless, we will make every effort to achieve them.

Although the exact figures are not yet available – the first quarter looks encouraging in this regard:

- Mercedes Car Group had a good start to the year 2003. Despite overall reductions in passenger car markets we were able in this quarter to increase worldwide sales of Mercedes-Benz passenger cars.
- Our Commercial Vehicles division has thus far held its own well with regard to sales, revenues, market shares and order intakes. There are indications in the markets of a stabilizing trend albeit at relatively low levels. Last year's restructuring should have a positive impact in 2003, and should also lead to an improved result overall.
- The US market for passenger cars and light trucks has been extremely difficult and competitive during the first three months of the year. Sales are below last year's volume, and incentives have risen even further, thereby impacting negatively on profits.

Naturally, the Chrysler Group could not disengage from this activity. Consequently, we have accelerated our efforts aimed at additional cost savings as we endeavor to reach the target of 2 billion US-dollars operating profit, excluding one-time restructuring measures.

- Our Services division has continued its very positive development in the first quarter and should be able to harvest the fruits of its major drive to improve systems and cost savings while practicing more effective risk control.

Ladies and Gentlemen,

However, as things stand with regard to the global situation, it would be plainly unsound to offer a more detailed forecast.

We are optimistic about medium and long-term developments at DaimlerChrysler.

Our goal is to attain for your company the leading position in the global automotive industry.

Strategy

How do we aim to achieve this?

By implementing our strategy – consistently, and step by step.

A strategy that is based on four pillars:

- A strong global presence in all major automobile markets,
- Attractive and distinctive brands,

- A comprehensive product portfolio, and
- Finally, our leadership in technology and innovation.

Global presence

DaimlerChrysler is active in about 200 countries. No other automobile manufacturer is as well positioned as we are in the triad markets of North America, Europe and Asia.

We have significantly expanded our activities, particularly in Asia, which is the region of future growth. Asia already accounts for 20% of unit sales of passenger cars globally, and about half of all commercial vehicle sales.

The three most important markets in Asia are Japan, South Korea and China. Together they make up 70% of total sales for that region.

- I have already spoken about our car alliance with Mitsubishi Motors. And with commercial vehicles we have considerably improved our position in Japan through our 43% stake in Mitsubishi Fuso Truck & Bus Corporation.

Fuso is not only the clear market leader in Japan, but also has a strong position in South-east Asia.

- In South Korea we have been cooperating with Hyundai Motors on truck motors for quite some time now. We will substantially deepen this cooperation with our 50% stake in Hyundai's commercial vehicles business. And we now also have access to a production and supplier base that is very economical by international standards.
- China is a market with enormous opportunities for the future. Here we are working systematically and vigorously to improve further the position of DaimlerChrysler.
 - We have installed a new and effective management structure.
 - We are expanding the activities of our longstanding partner, Beijing Jeep.
 - With Mercedes-Benz passenger cars, we are presently negotiating a joint venture for CKD assembly of the C-Class and the E-Class.
 - We are also investigating intensively the possibilities with regard to commercial vehicles.

Strong and attractive brands

Our second strategic pillar is a strong and attractive portfolio of brands.

Customers prefer a brand image that suits their style: elegant or practical, sporty or comfortable, luxurious or functional.

They want to identify with their brand.

We are able to meet their wishes.

We offer our customers the best in terms of innovation, design, safety, quality, service and – not least – the pure pleasure of driving one of our products.

Mercedes-Benz is today the most valuable automotive brand in the world.

What measures are we taking to further optimize our entire brand portfolio and make it even more valuable?

- With the re-launch of the Maybach we have extended our product range into the ultra-luxury segment.

- We are expanding the smart range into a multi-product brand: In addition to the successful city coupe we now also market the appealing roadster, and soon there will also be a practical four seater, the smart forfour.
- At Chrysler Group we are further developing the different characters of the Chrysler, Dodge and Jeep brands, and are differentiating them more clearly from the competition.
- And our strategic partner, Mitsubishi, is strengthening its brand with a more distinctive design philosophy.

Fundamental to all these measures is consistent multi-brand management. We ensure that every brand remains authentic and above all, unmistakable and individual.

We describe some of the experiences that bind our customers loyally to our brands in our 2002 Annual Report. But I would like to invite you to make up your own mind as you explore the fascinating brand world of DaimlerChrysler.

A comprehensive product portfolio

Ladies and Gentlemen,

Our company has had a decisive impact on the era of the automobile. With cars that delight and which have made history.

The automobile stirs our emotions. It combines sense and sensuality, functionality and beauty.

Automobiles bring people together and allow them to cross borders. The automobile gives people personal independence and freedom.

The task of our design engineers is to take these feelings onto the road – to infuse them into the personality of our products.

When I walk through our design studios and R&D units, I am impressed by the inspiration and ingenuity applied by our engineers to renew, on a daily basis, the legend of the automobile.

We now have a comprehensive product range covering nearly all market segments. Its continuous optimization provides the strength of our third strategic pillar.

In the next three years alone, we intend to launch more than 40 new passenger cars and commercial vehicles:

- Before the end of this year, Mercedes-Benz will present the SLR, with which we will set new standards in the super sports car segment. Next year, the new SLK will follow. With over a dozen new models by 2005, Mercedes Car Group will impressively extend its lead in the premium and luxury cars segment.
- Chrysler Group is also aggressively pursuing its product offensive. Through these vehicles' attractive, appealing design and distinctly higher perceived value, we plan to enhance image and boost demand. In this way we intend to disengage more effectively from the race towards the highest price incentives.

By 2005, we will launch 16 new models of the Chrysler, Dodge and Jeep brands. This year we will see the Chrysler Crossfire, the Chrysler Pacifica and the new version of the best-selling Dodge Durango.

- Our Commercial Vehicles division will launch 14 new trucks, vans and buses by 2005, such as the successor to the popular Mercedes-Benz Vito van.
- Mitsubishi Motors, our alliance partner, plans to put 12 new vehicles on the road by 2007.

- And of course we are also working hard to expand our product portfolio in the Services division. Some examples are the continued expansion of the range of services provided by the DaimlerChrysler Bank.

Technological leadership

Ladies and Gentlemen,

Since the invention of the automobile, we have proven one thing again and again – we set the pace in our industry:

- ABS,
- The airbag,
- ESP and
- The DISTRONIC system

are just a few of the most important innovations created by DaimlerChrysler engineers.

We also intend to remain technology leader in the future.

This is our declared ambition, and is firmly anchored as the fourth pillar of our corporate strategy. And to this end we will invest around €42 billion in the future of your company by the end of 2005.

One of our most important projects is the “Vision of accident-free driving”. The car of the future should be able to predict a possible accident, warn the driver and – if necessary – support his or her reactions.

We have already introduced a part of this vision:

- The “Protector” brake system can protect truck drivers and the cars in front of them from rear-end collisions.
- The “Pre-Safe” system in the S-Class sets new standards in automobile safety.

Another focus of our research and development is on alternative drive systems. Unlike our competitors, we are prepared for all scenarios. For example, we are the only company in the world working successfully on both methanol and hydrogen technologies for fuel cells.

We are the first manufacturer to start large-scale trials using production vehicles. By the end of this year, 60 A-Class cars and 30 buses fitted with fuel cells will be on the road.

And we will especially continue with our efforts to further improve the conventional engine. With nearly 60 million new vehicle registrations worldwide, the quickest reduction in CO₂ emissions will of course be achieved by improving diesel and petrol engines.

By optimizing the complete power train process, we will not only achieve the agreed fuel-consumption targets, but also fulfill our emission obligations – and we will do this well before the mandatory deadline. This has been the case in the past and it will remain so in the future.

With regard to the discussion around diesel particulate filters, I would like to clarify that it is our goal not only to reduce single components of emissions – for example particulate – but also to decrease all relevant emissions in accordance with EURO 4 targets.

In order to comply with EURO 4 we will, wherever necessary, use particulate filter technology as part of the program conceptualized to achieve every requirement of limits that have been set.

It is therefore our goal to design filters that function without boosting by additives.

Efficiency improvements

Ladies and Gentlemen,

We are making good progress with the implementation of our strategy. The first results are visible. Your company is well prepared for the future.

But at present the automotive industry has to cope with stagnating triad markets and excess production capacity. This obviously makes competition even more intense.

Cost reductions and efficiency improvements are more important than ever as success factors. We will therefore continue to examine the processes of each division in order to avoid costly friction and redundancies.

Wherever opportunities arise for cooperation between our divisions we will utilize them, learn from each other, and achieve additional synergies through shared projects.

First some words about programs running within individual divisions:

- At Mercedes Car Group, additional opportunities are arising through the creation and expansion of product families. Take the A-Class for example: Here we intend to increase significantly unit sales, with resulting economies of scale by introducing new variants in the future.

Furthermore, we are optimizing our processes along the entire Mercedes Car Group value chain, from development and purchasing to production and sales.

- In spite of the return to profitability the Chrysler Group team will work as hard as ever to improve its cost position.
- In the Commercial Vehicles division it is our goal to transform our high production volumes as the global market leader into cost advantages and thus into higher profits. This implies the enhanced exchange of systems and components.

Cost savings and competitiveness will be further improved through cross-divisional programs.

This is – in some areas of operation – the only way for us to penetrate new and attractive segments.

A fantastic car such as the Chrysler Crossfire, which contains components from the Mercedes SLK and progressed from design study to pre-production in just 18 months, would not have been possible without the DaimlerChrysler merger.

This is only one highly visible example of the work of the Executive Automotive Committee, known as the EAC.

The EAC has developed into a key instrument for the integration of our company. It controls the Group-wide exchange of technologies, expertise and components.

You will soon see some more examples of the successful work of the EAC on the road.

- Smart and Mitsubishi will use identical parts and components in the small-car segment, with a planned annual volume of 300,000 units.
- Chrysler and Mitsubishi are combining their activities in the compact and medium-sized segment. From 2004 we plan to build more than one million cars a year on a shared platform, and will thus achieve very significant economies of scale.
- Another important project is the development and production of a common four-cylinder in-line engine. Here we are looking at a volume of more than 1.5 million units per annum. Chrysler Group is cooperating with our partners Mitsubishi Motors and Hyundai Motor on this project.

Ladies and Gentlemen,

In the automotive industry it is obvious that a product decision taken today only becomes reality after several years.

The examples that I have just mentioned are both clear and tangible results. Results which are coming to fruition today only because we

started the integration process of our global automotive business at an early stage – and followed it through systematically.

Our workforce

Such global projects can only be concluded successfully if you have employees with the ability to work successfully across national and cultural borders.

The success factors are:

- Competence, of course,
- But also well-developed communication skills,
- As well as – especially with intercultural cooperation – sensitivity, respect and tolerance.

But one thing is important above all else. Team spirit. I am especially happy that I can today feel a strong sense of belonging – and excellent morale – throughout the whole company.

We can rely on a tremendous team. More than 365,000 people work for our company professionally, creatively, and with great enthusiasm.

They are people whose motivation and confidence are also apparent to outsiders. External surveys confirm that we are one of the most popular employers in the world.

We are proud of this reputation. And every day we ensure that we live up to it also in the eyes of our employees.

How? Through targeted training and promotion, DaimlerChrysler employees have the opportunity to prove their skills in various functions, divisions and countries.

We are often asked whether DaimlerChrysler has sufficient qualified employees. My answer to this is a definite "Yes!" For every international management position to be occupied we are able to select from a number of outstandingly qualified applicants. We are very well prepared for the upcoming challenges around the world.

Corporate Social Responsibility

Ladies and Gentlemen,

With the increased global networking of our company it is only natural that our social responsibility also grows in all the countries in which we are active.

We know that in the long term a company can only operate profitably in a stable and prospering society. We therefore regard ourselves as

good corporate citizens, as a fixed element of our environment and as an active player in a wider responsible society.

We take this responsibility very seriously.

What does this mean to us in concrete terms? Here are a few examples.

We support the "global compact" initiative brought to life by UN Secretary-General Kofi Annan. DaimlerChrysler has adopted - and amplified - the guiding principles of this compact, especially with regard to human rights and protection of the environment. These principles provide a framework for our internal guidelines of social responsibility, which we have developed in close consultation with employee representatives. On these issues, we also work in very close collaboration with our newly founded World Labour Council.

Another example is the "World Childhood Foundation". In many less-developed regions of the world, it is mainly the children who suffer from extremely difficult living conditions. They are the weakest link in the chain. In supporting this organization we express our wish to contribute to change here.

- With our "MobileKids" initiative we are attracting attention to the risks inherent in road traffic. And perhaps this will also help your child to get to school more safely.

- We have started another traffic-safety program in the United States focusing on young people who have just earned their driver's license.
- The "POEMA" project in Brasil, which celebrates its 10th anniversary this year, produces coconut fibers as a renewable raw material for our vehicles. It provides a living for 5,500 people, and it protects large areas of the tropical rain forest that is so important to all of humanity.
- Another issue that is very important to me personally is AIDS. In South Africa alone, approximately one death in three results from this awful virus. Some of the employees at our plant in East London are also affected.

We see it as our duty to contribute to the battle against this disease. We have therefore initiated a wide-ranging anti-AIDS program. It is a program for which we received the "Award for Excellence in the Workplace" from Kofi Annan.

And I regard it as my special duty as Chairman of the "Global Business Coalition on HIV/AIDS" to devote much effort towards additional programs in this field.

These are just a few of the numerous humanitarian, as well as social, cultural and environmental projects with which we try to meet our social responsibilities.

The full range of these activities is outlined in our Corporate Social Responsibility Report, which is available from our staff at the information stand in the foyer.

But social responsibility also means that we, as a German-American company, make efforts to maintain and improve transatlantic relations.

The United States and Germany are very closely intertwined - by flows of trade and capital, as well as cultural ties and shared values. Here in Berlin, this strong and historic link is especially vital. And DaimlerChrysler will do everything it can to strengthen the dialogue and promote this friendship.

Closing words

Ladies and Gentlemen,

I have described to you today where DaimlerChrysler stands, where we want to go, and what we will do to achieve this goal.

What makes me so confident that we will be Number One in the automotive business in the long term?

We have proven that the measures we have taken are effective and that our decisions bring measurable results.

Obviously, not everything always works to perfection. There will also be unforeseeable developments.

But we have shown that we are capable of acting quickly and effectively when necessary.

Today I can say with great conviction:

We are on the way forward.

The environment will certainly remain very challenging for us this year. We will also have to cope with setbacks in the future.

However, my colleagues of the Board of Management and I are firmly convinced that your company will continue its successful development.

I thank you for your confidence.