

Speech

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- valid as delivered -

Introduction

Good morning ladies and gentlemen, valued shareholders.

On behalf of my colleagues on the Board of Management, I would like to welcome you to this year's Annual Meeting of our company's Shareholders.

2001 was an extremely important year for DaimlerChrysler. It was a year of the dedicated and consistent implementation of our strategy:

- We achieved our operating targets, which we announced to you at last year's Annual General Meeting;
- We moved forward with our turnaround plans according to schedule;
- We responded flexibly and quickly to the cooling off of markets;
- We continued to focus on the automotive profile of our company; and
- The Executive Automotive Committee initiated and to some extent completed a number of cross-divisional projects.

Let me first touch on the activities of the past year and then describe to you how we plan to build the future of DaimlerChrysler.

The Year 2001

At approximately 153 billion Euro, adjusted group revenues remained at a level comparable with the previous year.

With an Operating Profit of 1.3 billion Euro we were within the profit target range we forecast a year ago.

This result was achieved under very difficult circumstances – in an environment that nullified the expert predictions and assumptions that formed the basis of our planning in February 2001.

In Germany, economic forecasts were lowered over the course of last year on almost a monthly basis.

The growth of global markets in which DaimlerChrysler sells its products declined from 3.9 percent in the year 2000 to 1.2 percent in 2001.

We are certainly not satisfied with our absolute earning levels, also because we ended the year with a net loss, due to high, one-time restructuring costs.

The Board of Management and the Supervisory Board will today propose a dividend of one Euro per share.

Ladies and gentlemen,

Following the announcement of our ambitious turnaround plans, and in spite of worsening market figures, we kept clear heads.

Our results for 2001 match the goal that we announced to you one year ago.

Against this background, we view the result achieved as:

- A sign of DaimlerChrysler's underlying strengths;
- A sign of the abilities of our employees; and
- A sign of the great loyalty of our customers.

For this I would like to express my special gratitude.

Turning to the individual business divisions:

Mercedes-Benz Passenger Cars and smart

With sales of over 1.1 million passenger cars, Mercedes-Benz is the world's most successful luxury brand.

The radiance of the star continues to shine.

The Mercedes-Benz Passenger Cars and smart Division once again improved on its own records with even higher levels of sales, revenues and profits in 2001:

- In the USA, Mercedes-Benz continued to post increases;
- In Japan, business continued to be good despite the recession;
- In Europe, the vehicles with the star continued to gain market share;
- And here – in Germany – with its market share at about 12 percent, Mercedes-Benz ranked second in the new vehicle registration statistics.

This excellent performance is the result of an attractive model range and the very good sales figures for the new C-Class.

The new SL also represents an important milestone for the brand. This automobile – one of the most beautiful we have ever built – caps our uniquely successful product offensive launched in 1993.

And we are not going to stop there.

On the contrary, we will continue to step up the pace.

The launch of the new E-Class marks the start of our second product offensive.

And the next highlight, the new CLK Coupe, is awaiting its market debut in May.

How was business at smart?

With steadily growing sales, the smart coupe and smart convertible are now much more than colorful spots in city traffic. They have become inextricably linked with city life in Rome, Berlin and – since the introduction of the right-hand drive smart – in London and Tokyo as well.

Our upcoming models, the Roadster, Roadster Coupe and the four-door smart – will also help attract many new customers.

Planning for Mercedes-Benz passenger cars and smart is conservative during 2002. But we are aiming at continuing the improvement of our penetration, even in declining markets.

The division will continue to operate at an encouragingly high earnings level.

Chrysler Group

We continued during 2001 consistently and successfully to drive forward our ambitious turnaround plan for the Chrysler Group. The targeted milestones - with respect to cost reductions, products, and efficiency improvements, in manufacturing and employment levels - were all achieved.

The significance of this performance is really evident when one considers the market environment in the USA:

- In 2001, the US economy grew by only 1 percent, instead of 3.5 percent, as originally expected.
- At 17.5 million vehicles, total market volume was higher than expected, but at what conditions?

In the USA the market is artificially stimulated by drastic incentive levels. However, at the Chrysler Group we are trying to limit sales incentives as much as possible. For us, profitability is our highest priority.

Positive results are achieved with attractive and convincing products. With this in mind, new products such as the Jeep Liberty and Dodge Ram set new standards in 2001.

Moreover, product development became more efficient and quality was significantly improved. This is also confirmed by independent, external studies.

A number of innovative products with trend-setting design, such as the new Dodge Viper, the Chrysler Crossfire, Chrysler Pacifica and new Dodge Durango will continue to strengthen the Chrysler Group's competitive position.

We reiterate the objective we stated last year, namely that the Chrysler Group will reach break-even for all of the 2002 calendar year.

Commercial Vehicles

We strengthened our worldwide leadership position in the commercial vehicle business. Nevertheless, this area was also affected by an overall decline in demand.

In North America, the demand for heavy trucks has fallen by over fifty percent since 1999. This had a strong negative impact on sales and earnings at Freightliner, a situation worsened by significant drops in used truck prices.

2001 was thus characterized by a systematic new direction for Freightliner. Since October, Freightliner has been operating with a completely new structure.

The new structure places increased emphasis on profitability through initiatives such as expansion of the high-margin business involving sole proprietorships.

Initial successes are visible, as demonstrated by inventories of new trucks that have been reduced to the lowest competitive levels.

We are confident that Freightliner will reach the break-even point by the end of this year.

In 2001, the Mercedes-Benz commercial vehicle business – excluding Freightliner – went according to plan:

- The Mercedes-Benz van business unit, which is the market leader in Europe, expanded its activities to North America by introducing the successful Sprinter model;
- The new Axor truck series, positioned between the Actros and Atego, was added to the Mercedes-Benz truck product range;
- The new Setra luxury coach – the TopClass 400 – was especially acclaimed, having received the "Coach of the Year" award as the world's best 2002 bus.

In order to further strengthen our competitive position, we will be presenting six new or completely revised vehicles this year, including new versions of the Mercedes-Benz Actros and the Sprinter. We recently rolled out the "Freightliner Business Class M2".

This year we are adapting capacity and cost structures to be in line with the global decline in demand. This will result in our being able to greatly vary the production levels

in our German plants without layoffs or additional costs. Once markets recover, we will have the flexibility to increase production quickly.

Services

Even DaimlerChrysler Services was unable to avoid difficult world market conditions.

Especially the financial burdens in North America – by far the most important market to this division – precluded any increase in profit.

In 2002, DaimlerChrysler Services will continue its strategic focus on the automotive business.

- Today, DaimlerChrysler Services is fully integrated with our vehicle divisions.
- In addition, we are planning new automotive services to accommodate and connect with our customers even further. A good example of this is the DaimlerChrysler Bank.
- Finally, our divestiture of Capital Services activities, which are not directly associated with our automotive business, will be systematically continued.

The importance of financial services in supporting our automotive business is illustrated by the fact that an average of approximately one-third of our global sales are financed by DaimlerChrysler Services.

EADS

We are also pleased with our investment in EADS, the world's second largest aerospace company.

Despite difficult market conditions in 2001, EADS achieved its revenue and profit targets. Airbus improved its market-leading position in commercial aircraft, and is well ahead of Boeing as far as orders are concerned.

Further cooperation activities and partnerships will greatly strengthen EADS's competitiveness.

Mitsubishi Motor Corporation

By acquiring Volvo's shares, we increased our stake in our Japanese partner, Mitsubishi Motors, to 37.3%.

At the same time, this has also given us access to Asia's commercial vehicle markets. Together with our partner, we are presently examining the potential of expanding the alliance in this area.

Good progress has been made in restructuring Mitsubishi's passenger car business:

- The material and fixed cost reduction targets were met;
- Further steps to increase productivity and achieve quality improvements – steps designed to also win back customer confidence – have met with success;
- And, finally, we are also ahead of the plan with respect to personnel restructuring. The personnel measures affect all levels at the company, including management.

The 2001 financial year of Mitsubishi Motors ended on March 31. MMC management assumes it will have finished the year with a balanced result. Mitsubishi will report detailed results in May.

As you know, the Mitsubishi Motors Board recently proposed that Rolf Eckrodt be named its President and CEO in recognition of his accomplishments to date. The MMC management is confident that it will be able to continue the restructuring already underway.

However, as we are also aware, Mitsubishi still has work to do. For the rest of the calendar year, it will be necessary to monitor the extremely difficult situation on the Japanese market.

In this environment, future success will to a great extent depend on new and fascinating products.

A number of vehicle concepts and studies have prompted great interest, generating an atmosphere of resurgence in design and product appeal. In short, the Mitsubishi brand is regaining a clear profile.

Group Results for 2001

Ladies and gentlemen,

DaimlerChrysler achieved its profitability target set for 2001.

At last year's shareholders' meeting, I said that we do not believe in reacting to operating problems by altering the direction of our strategy.

Rather, we are convinced that those challenges facing us can be tackled successfully with comprehensive turnaround plans.

As part of our strategy, we continuously analyze all market conditions and then adapt our measures accordingly.

The progress made at DaimlerChrysler in 2001 confirms this approach.

The success of our efforts impacted the share price positively. Over the course of the year, the value of our stock rose by 8 percent, while the major indices dropped by as much as 20 percent.

With regard to market capitalization we are now second in our industry –only behind Toyota.

2002 Outlook

What are our expectations for the year 2002?

As you know, in February 2001 we also announced a profit range for 2002. However, key indicators for the economy and markets have deteriorated significantly over the past 12 months.

For example, the automotive markets:

- In North America, we expect a decline in the market for passenger cars and commercial vehicles.
- In Japan and Western Europe, we expect a moderate decline in the passenger car market – in Japan from an already very low level.
- We also expect weaker demand in Western Europe for commercial vehicles over 6 tons.

Therefore we have updated our assumptions accordingly.

For 2002, we are expecting an operating profit significantly more than double last year's figure.

That statement still stands. And, we fundamentally stand by the planning that was announced in February 2001 for subsequent years. But, due to forecasted economic trends, we will only be able to achieve these targets at a somewhat later date.

First quarter figures will be reported at the end of April. Based on current information, the first quarter of 2002 is evidence that the new year has started positively.

- Based on trends to date, the Mercedes-Benz and smart division had a good first quarter. In spite of the difficult market environment and the launch of the new 'E-Class' sedan, sales were better than planned and continue the excellent figures recorded last year.
- Earnings are expected to reach around the high level of last year.

- Based on our most current information, after six consecutive negative quarters the Chrysler Group will report slightly positive operating results for the first quarter of 2002.
- In the Commercial Vehicle division, we expect the results to be affected by the difficult market situation, which led to significant cuts in production. In the meantime, incoming orders are showing a positive trend, compared to our own planning. This also holds true for Freightliner.

Based on current information, the first quarter reinforces our earnings forecast for the entire company for all of 2002.

Ladies and gentlemen,

We have demonstrated that we can also react to unforeseen developments quickly and effectively.

We are maintaining our course because we are convinced that our strategy will lead your company to the top of the automotive industry.

Strategy

Our strategy is based on 4 main pillars:

- A strong global presence in all major automotive markets that will enable us to profit from regional growth and attract new customers;
- Strong and attractive brands that promote even greater customer loyalty;
- A broad product range which does justice to all customer needs, opens new market niches and segments and facilitates significant economies of scale; and
- Finally, our technological leadership, which will reinforce DaimlerChrysler's position as the world's most innovative automotive company.

This strategy is the result of intense, continuing analysis based on more than 100 years' experience in the automotive business.

Executive Automotive Committee

The Executive Automotive Committee, or EAC, is a major instrument for implementation of our strategy.

This committee, which serves as a steering group for the worldwide automotive business, identified potential cost-cutting initiatives and began important cross-divisional projects in 2001.

What progress have we made in the implementation of this strategy?

Global Presence

Regarding global presence, DaimlerChrysler operates in approximately 200 countries. No other automotive company in the triad markets of North America, Europe and Asia is as well positioned as we are. In 2001 we were able to tighten this worldwide network.

A particular focus is in Asia:

- Annual growth of 5 to 6 percent;
- The world's largest market for commercial vehicles; and
- Long-term prospects of holding 30 percent of the global passenger car market.

But, Asia is not a homogeneous region. Our approach differs in each of its countries.

- With our equity stake in Mitsubishi Motors, we are strategically well placed in Japan.
- In Korea we own a 10% share of Hyundai Motors, the clear market-leader. In purely financial terms, this is a good investment, and the value of our investment has almost doubled since we acquired it.

More importantly, however, cooperation is yielding results. Our focus is on individual projects, such as a joint venture involving medium-heavy commercial vehicles.

- In addition to Japan and Korea, we are also closely involved with China, a market with enormous potential. Additional impetus has come from China's membership in the WTO. We already own a much sought-after production license, and are therefore in a position to enter this market with the appropriate products.

Strong and Attractive Brands

What progress have we made in shaping and developing our brand portfolio?

- The most prominent example is probably the Maybach brand. With this car we are now offering a product that leaves nothing to be desired. Beginning this fall, "Maybach Manufaktur" will redefine the concept of 'ultimate luxury' for the automobile.

The choice of "Maybach" – a brand name with tradition for this automobile – was a conscious marketing decision. This car's premium buyers can have the highest degree of genuine exclusivity.

- Another example is the Mercedes-Benz GST and the Chrysler Pacifica. The two vehicles form a new segment. They offer the comfort and space of a minivan with the exciting and sporty qualities of an off-road vehicle and the elegance of a sedan.
- In spite of this, however, we in the EAC opted for the strictly separate development of these two vehicles. In this way, the uniqueness of the Mercedes Benz brand and the special American character of Chrysler will be retained.

DaimlerChrysler already possesses one of the strongest brand portfolios in our industry.

- Each of our brands is authentic and unmistakable.
- We have strategically positioned every brand directly against its relevant competitor.
- And, our brands are to a great extent separated from one another without overlapping.

Recent studies show that our range of products and brands has a very high premium rating. Add annual sales already in excess of four and one-half million vehicles, and it becomes clear that DaimlerChrysler has unique potential.

A Broad Product Range

In addition to our brands, DaimlerChrysler's wide abilities are illustrated through its products:

- From the smart to the Chrysler PT Cruiser to the Maybach;
- From the Dodge Ram pickup to the Mercedes-Benz Sprinter to the Freightliner Century Class.

How can a company achieve attractive returns in all of these segments?

- In the small car segment, for instance, the new smart four-seater and Mitsubishi are heading down the same paths. An annual planned volume of 300,000 units, using up to 60 percent identical components.

The cars' design, interior and ride comfort are being developed strictly separately. Customers will perceive them as completely different vehicles.

Through this project, we will create around 500 jobs in Thuringia.

- In the compact and mid-sized car classes, Chrysler and Mitsubishi are combining and coordinating their activities.

Our engineers are developing joint platforms for the successors to the Chrysler Neon and Mitsubishi Lancer, as well as for the Chrysler Sebring, Dodge Stratus and Mitsubishi Galant. We are planning to produce over a million units annually of these models beginning in 2004.

Components developed by Mercedes-Benz are also being used in other corporate projects.

- For instance, Mercedes diesel technology for the Chrysler PT Cruiser.
- Mercedes engines and transmissions in the Freightliner "Business Class M2".
- Then there is the Chrysler Crossfire. Thanks to Mercedes-Benz components, it was possible to develop this car – from the design phase to series production – in only 18 months.

Within the framework of our parts and components strategy under the Executive Automotive Committee, our engineers and purchasing people have identified a number of components for each brand, which in the future can be developed, procured and produced in a standardized manner.

On average, such standardized parts make up as much as 30 percent of all DaimlerChrysler product components.

Does transferring or engineering jointly used components adversely affect the Mercedes-Benz brand?

We are convinced they do not!

On the contrary, this benefits all those involved.

- At Mercedes-Benz, development costs are amortized much faster through higher production volumes.
- As for our other brands, development timeframes are shortened and quality is improved. An added advantage is that this makes it possible – in a staggered timeframe – to incorporate our innovations into other company brands, but stay well ahead of the competition.

I don't have to repeat that there will not be any platform strategy with Mercedes-Benz.

That would be wrong and therefore you will not experience it. This is also because Mercedes-Benz will continue as the industry's technological pacesetter in the future.

Leadership in Technology and Innovation

Ever since your company invented the motor car, it has come up with numerous major innovations.

Some examples are:

- The crush zone;
- ABS; and
- The electro-hydraulic brake, SBC.

To enable us to optimally use this leadership, our research and development departments, working under the guidance of the EAC, have compiled a corporate plan – the so-called Technology and Innovation Calendar.

This calendar defines which technology is to be incorporated into what brand or product, as well as suitable times for the process to take place.

This comprehensive group-wide approach now enables us to keep innovations exclusively within the company for longer periods. In the past, suppliers were permitted to sell innovations to our competitors only six months after our introduction of the technology in question.

One of our areas of research is the “Vision of Accident-Free Driving”.

At least half of all road traffic accidents could be prevented by the use of an appropriate safety system.

We are ahead of the competition by already offering the lane-departure warning, dynamic handling control and brake assist systems in our cars and trucks.

In the future, our cars will even be able to enhance our vision – at night, in fog or when driving with oncoming lights blinding our eyes.

The so-called “electronic eye” will help drivers deal more effectively with certain dangerous situations.

- For example, when car doors are suddenly flung open in front of your vehicle.
- Or when playing children run into the road without warning.

This safety package could turn out to be just as groundbreaking as the legendary pioneering drive of Bertha Benz in the year 1888.

Management and Employees

Ladies and gentlemen,

Behind our innovations are people of creativity, competence, determination and – above all – customer orientation.

We have the right team on board.

And this team is highly motivated.

DaimlerChrysler is one of the world's most attractive employers.

- We are ranked among the most popular employers in any poll.
- Only last year we were able to attract 2700 top graduates and young professionals.

Why are we so successful in this?

- Because our company offers employees a variety of challenging occupations from which to choose. From researchers to test-drivers. From factory planning engineers to e-business specialists. From financial experts to car sales managers.
- Because international assignments are the rule and not the exception.
- Because we manufacture products which inspire strong positive emotion, and with which people want to identify.
- And because there is pride in saying, "I work for DaimlerChrysler." This is certainly true for me after more than 40 years with the company.

But we do not just build on the excellent training and experience of our employees. We also help to further develop these skills.

We consider it very important that our managerial staff prove their ability in different functions, countries and business units. This also helps their own networking, and the international spirit of cooperation within our organization.

What form can a career at DaimlerChrysler take?

A minivan specialist from Chrysler, with specific engineering know-how, was the project manager for the Mercedes-Benz GST. After successfully completing the project, he returned to Chrysler as a production-line manager, where he is now able to pass on the know-how gained from Mercedes-Benz processes.

Only through similar exchanges can we shape managers capable of performing optimally in other cultures.

Another example. When we needed 30 experienced managers for our active participation in Mitsubishi Motors of Japan, we were able to put together an exceptional team from a large pool within a short time.

After talking with employees who have high potential, I know DaimlerChrysler has the right managers to meet its future challenges.

Ladies and gentlemen,

We invest in the entire workforce.

Three agreements, which we reached through intensive dialogue with the Works Council under the leadership of Erich Klemm, illustrate this.

- The first involved qualifications. For us, continued training is a must – and to this end we offer our employees a diverse range of options.
- The second agreement created flexible working time models. We give our employees flexibility – which is also aimed at improving the compatibility of family and work commitments. And we do this far beyond the legal requirements.
- The third dealt with retirement benefits. Because the government pension is becoming less and less adequate, we offer our employees numerous attractive possibilities to participate in additional private pension plans.

At the Annual Press Conference in February, I was asked: “Mr. Schrempp, can your company afford all these things in the current situation?”

I can tell you: We cannot just do them. We have to. And we gladly do them.

Would you make an effort for a company which did nothing for you?

Our employees do their work excellently. I would like to express my sincere appreciation – and that of my colleagues on the Board of Management – for those efforts.

Corporate Citizenship

We promote excellent performance by creating excellent working conditions.

These conditions must be right, not just within our company, but externally – in the social environment as well.

Our responsibility extends far beyond the DaimlerChrysler workforce of about 375,000 employees. It also includes their families, our suppliers, dealers and the communities in which we operate.

A company can only operate with long-term success in a stable, intact society. This is why we understand “good corporate citizenship” to mean active participation in a broader society – as involved citizens with rights and obligations.

We are socially committed wherever we operate. Here are three important examples from a long list of our initiatives:

- We were one of the first companies to join the “Global Compact”. This initiative, established by Kofi Annan, the Secretary-General of the United Nations, is aimed at

making the indisputable advantages of globalization understandable and accessible to all. Kofi Annan recently acknowledged our commitment specifically.

- We reacted immediately after the horrible attacks in the USA. We expressed our sorrow and our sympathy. But we also provided material aid in the form of a 10-million-dollar donation. That money is going towards helping those children whose lives were changed forever on September 11. And, together with Chancellor Gerhard Schröder, we created the "New York-Berlin Bridge". Through this initiative, one thousand American children are being invited to visit Germany.

But corporate citizenship isn't just limited to the company's involvement. In the aftermath of September 11, employees, dealers, suppliers and friends of DaimlerChrysler spontaneously collected 400,000 Euro for the victims.

- There is another subject that moves us deeply. Almost a third of all deaths in South Africa are now victims of AIDS. Employees in our East London plant are also affected. We consider it our duty to contribute to fighting this disease. That is why we have started a comprehensive Anti-HIV/AIDS Program.

All of this is part of our responsibility as a global corporation.

Conclusion

Business success in the respective markets can only be achieved through social acceptance gained as a result of sincere, personal and open dialogue with people of other cultures.

At DaimlerChrysler, we use this worthwhile experience as a decisive competitive edge – throughout the world, 24 hours a day.

This unique know-how has enabled us to make fast progress in the USA, Japan and Europe.

Ladies and gentlemen,

Like you, we are still far from being satisfied with the accomplishments to date. We are all conscious that any meaningful strategy involves long-term planning, and successful implementation of that strategy generally requires years.

But we have a clear plan to achieve.

In 2002, we will continue to push forward along this path, with resolve and determination, with energy and confidence, and one step at a time.

For me, for the whole Board of Management, and for every employee, there is much more to this than it just being a matter of our jobs.

We do our utmost for our company – with all of our energy.

Each and every one of us, until DaimlerChrysler reaches its goal of being Number One in the automotive industry.

Ladies and gentlemen, I thank you for your attention.