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DaimlerChrysler AG: DaimlerChrysler achieves Group EBIT of €2.1 billion in second quarter of 2007 **DaimlerChrysler AG / Quarter Results**

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DaimlerChrysler achieves Group EBIT of €2.1 billion in second quarter of 2007

- New structure for the Daimler Group
- Net profit of €1,849 million (Q2 2006: €2,146 million)
- Net profit from continuing operations of €1,443 million (Q2 2006: €1,804 million)
- Group revenues of €23.8 billion (Q2 2006: €24.6 billion)
- EBIT in the magnitude of €8.5 billion anticipated for the new DaimlerChrysler Group in full-year 2007 (2006: €5.0 billion)

Stuttgart - DaimlerChrysler (stock-exchange abbreviation DAI) today publishes Q2 results for the Group, the Financial Services division (excluding Chrysler Financial NAFTA) and the discontinued operations of the Chrysler Group and Chrysler Financial (NAFTA). Second-quarter results for the Mercedes Car Group and the Truck Group as well as for the Van, Bus, Other segment had already been disclosed on July 25, 2007. The present reporting structure now reflects the new structure of the DaimlerChrysler Group.

Due to the disposal of the North American financial services business related to Chrysler, which took effect with the closing of the transaction on August 3, 2007, the figures for the Financial Services division are shown for the first time without Chrysler Financial (NAFTA); the prior-year figures have been adjusted accordingly.

DaimlerChrysler achieved EBIT of €2,134 million in the second quarter (Q2 2006: €2,374 million). The earnings trend was positively affected primarily by the Mercedes Car Group, which once again achieved a strong increase in its operating results, mainly due to quality and efficiency improvements, and a positive development of its sales structure. Despite the expected strong decline in unit sales in the NAFTA region, the Truck Group's EBIT was also above the prior-year quarter. The EBIT of Financial Services was at the prior-year level.

The decrease in Group EBIT is mainly due to the lower profit contribution from Van, Bus, Other; this segment's earnings in the prior-year period were positively affected by gains totaling €814 million on the valuation of derivative financial instruments related to the transfer of interest in EADS. However, lower expenses for the implementation of the new management model (Q2 2007: €42 million; Q2 2006: €137 million) were recorded in the current reporting period.

Within the context of efficiency-improving programs, measures were defined to further improve the utilization of the Group's production facilities. As a result, the depreciation of property, plant and equipment was adjusted to the longer useful lives. In the second quarter of 2007, this led to a positive effect on Group EBIT in an amount of €226 million. Of that total, €152 million is attributable to the Mercedes Car Group, €34 million to the Truck Group and €40 million to Van, Bus, Other.

Second quarter net profit amounted to €1,849 million (Q2 2006: €2,146 million)

million), equivalent to earnings per share of €1.74 (Q2 2006: €2.07). Net profit from continuing operations was €1,443 million (Q2 2006: €1,804 million); representing earnings per share of €1.35 (Q2 2006: €1.74).

Unit sales and revenues

The Mercedes Car Group and Truck Group divisions and the Vans and Buses units sold a total of 516,400 vehicles in the second quarter of this year (Q2 2006: 536,600).

The Group's second-quarter revenues decreased by 3% to €23.8 billion; adjusted for exchange-rate effects and changes in the consolidated group, revenues were at the same level of the previous year.

At the end of the second quarter of 2007, 271,486 people were employed in the Group's continuing operations (end of Q2 2006: 279,018). Of this total, 166,581 were employed in Germany and 24,559 were employed in the United States (end of Q2 2006: 169,582 and 28,598 respectively).

Effects of closing and discontinued operations in detail

Net profit from discontinued operations includes the operating loss of both the Chrysler Group and the related financial services business in North America, as well as the net interest result and income taxes connected with these activities. The operating results no longer include scheduled depreciation and amortization of non-current assets as of May 16, 2007. As a result, the operating results were positively impacted by €0.7 billion after taxes.

In the second quarter, net profit from discontinued operations amounted to €406 million (Q2 2006: €342 million). Therein included is an extinguishment loss after tax of €0.3 billion resulting from the early redemption of long-term financing liabilities of the Chrysler Group.

DaimlerChrysler anticipates a charge against earnings of €2.5 billion in full-year 2007 as a consequence of transferring a majority interest in the Chrysler activities and the closing of the transaction on August 3, 2007. This charge is lower than the estimate of €3-4 billion disclosed in May. It results from the positive result of the discontinued operations in the second quarter as well as a charge against earnings in the magnitude of €3 billion in the third quarter of 2007. The charge in the third quarter results primarily from the valuation of deferred tax assets which are recognized at DaimlerChrysler. It will be necessary to assess the recoverability of these deferred tax assets is affected due to the Chrysler-transaction.

In June, DaimlerChrysler redeemed three long-term bonds ahead of schedule in accordance with the contractual conditions and announced a redemption offer for an additional bond. This resulted in a prepayment penalty of approximately €0.4 billion. There are no changes to the other bonds issued and guaranteed by DaimlerChrysler AG.

In the financial services business of the Chrysler, Jeep® and Dodge brands, Cerberus took over the financing from DaimlerChrysler AG when the transaction was closed; this led to a cash inflow of €25.6 billion.

In light of highly volatile US loan markets, DaimlerChrysler and Cerberus have agreed to support the financing of the majority takeover of Chrysler by Cerberus. Both companies subscribed \$2 billion of second lien loan for Chrysler's automotive business, to be drawn within 12 months. DaimlerChrysler's portion will be \$1.5 billion. The debt will be priced at market conditions. The maturity of this loan is 7 years. As of August 3, 2008, DaimlerChrysler has the right to sell this loan in the credit market.

Details of the divisions

The Mercedes Car Group achieved EBIT of €1,204 million in the quarter under review, a significant increase compared to the second quarter of last year (€690 million). The improvement in earnings resulted from a positive development of the sales structure as well as from quality and efficiency improvements achieved as a part of the CORE program. However, second-quarter EBIT was reduced by exchange-rate effects.

The Truck Group posted second-quarter EBIT of €601 million (Q2 2006: €585 million). Earnings were impacted by an increase in unit sales in Europe and Latin America, improved product positioning and further efficiency improvements. On the other hand, there were negative effects from lower truck sales in the NAFTA region and in Japan. The measures initiated for the management of market cycles and the other initiatives of the Global Excellence program had a positive effect. The sale of real estate properties in Japan resulted in a gain of €68 million in the second quarter of 2007.

The business development of Financial Services was generally stable in the second quarter of 2007. The Financial Services division posted EBIT of €220 million (Q2 2006: €220 million). Despite rising interest rates in Europe, earnings were of the same magnitude as the high level of the prior-year period, partially due to the release of certain valuation allowances in the non-automotive financial services business.

The Van, Bus, Other segment posted second-quarter EBIT of €257 million (Q2 2006: €1,121 million). In the second quarter of 2006, a gain of €814 million resulting from the valuation of derivative financial instruments entered into in connection with the transfer of interest in EADS positively impacted EBIT of the Van, Bus, Other segment; most of this valuation gain was accounted for by a derivative transaction that was finally executed in the first quarter of 2007. In total, income from the participation in EADS was €56 million (Q2 2006: €940 million).

Outlook

For full-year 2007, DaimlerChrysler anticipates unit sales in a similar magnitude to the prior year (2006: 2.1 million vehicles).

The Mercedes Car Group continues to assume that its unit sales in the year 2007 will at least be equal to the record level of the prior year. The division will continue to implement the CORE efficiency-improvement program in order to achieve profitable growth and create sustained value. For full-year 2007, the Mercedes Car Group expects to achieve a return on sales of significantly more than 7%. Despite increased expenditure for more efficient and alternative drive systems, the Mercedes Car Group aims to increase its return on sales to 10% by the year 2010.

The Truck Group anticipates significantly lower unit sales in 2007 than in the prior year. This is primarily due to a sharp drop in demand caused by stricter emission regulations in the United States, Canada and Japan. However, there will be positive effects from rising unit sales in Europe and Latin America and from the implementation of the Global Excellence Program. Earnings are expected to be in the magnitude of the level achieved in 2006 despite market decline in the United States and Japan.

The Financial Services division anticipates a stable development of business and earnings during the rest of the year. The separation of the financial services business in the NAFTA region will cause additional expenses. Financial Services, however, assumes that it will achieve a return on equity of more than 14% once again in full-year 2007.

As a result of strong demand for the Sprinter and the very positive development of the Vito/Viano models, unit sales of vans are expected to increase compared to the year 2006. And despite cyclical market downturns in some key bus markets, unit sales of buses are anticipated at the high level of the prior year due to very positive market developments in Latin America.

For the Group, total revenues are expected to be in the same magnitude as in 2006 (€99 billion).

In its new structure, the Group expects to achieve EBIT in the magnitude of €8.5 billion in full-year 2007 (2006: €5.0 billion). Significant special factors affecting earnings in 2007 are the gain of €1.4 billion realized on the transfer of interest in EADS and charges of €0.3 billion resulting from the implementation of the new management model.

This document contains forward-looking statements that reflect our current views about future events. The words 'anticipate,' 'assume,' 'believe,' 'estimate,' 'expect,' 'intend,' 'may,' 'plan,' 'project,' 'should' and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an economic downturn or slow economic growth, especially in Europe or North America; changes in currency exchange rates and interest rates; introduction of competing products and possible lack of acceptance of our products or services; competitive pressures which may limit our ability to raise prices and reduce sales incentives; price increases in fuel, raw materials, and precious metals; disruption of production or delivery of new vehicles due to shortages of materials, labor strikes, or supplier insolvencies; a decline in resale prices of used vehicles; the business outlook of Chrysler in which we hold an equity interest, including the ability to successfully implement its Recovery and Transformation Plan; the business outlook for our Truck Group, which may experience a stronger than originally expected decline in demand as a result of accelerated purchases in 2006 made in advance of the effectiveness of stricter emission regulations; effective implementation of cost reduction and efficiency optimization programs, including our new management model; the business outlook of our equity investee EADS, including the financial effects of delays in and potentially lower volume of future aircraft deliveries; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety, the resolution of pending governmental investigations and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading 'Risk Report' in DaimlerChrysler's most recent Annual Report and under the headings 'Risk Factors' and 'Legal Proceedings' in DaimlerChrysler's most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made.

Further information on DaimlerChrysler is available on the Internet at <http://media.daimlerchrysler.com>.

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