

Investor Relations Release

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DaimlerChrysler reports €5.2 billion operating profit in 2005

- **Net income of €2.8 billion (2004: €2.5 billion)**
- **Earnings per share of €2.80 (2004: €2.43)**
- **Revenues up 5% to €149.8 billion**

Stuttgart/Auburn Hills - DaimlerChrysler (stock-exchange abbreviation DCX) today published its preliminary consolidated financial statements and its divisions' results for the year 2005.

In the past financial year, the DaimlerChrysler Group posted an operating profit of €5.2 billion, compared with €5.8 billion in 2004. Excluding charges relating to the realignment of the smart business model (€1.1 billion), there was an increase in the Group's operating profit. The Group thus fulfilled its earnings forecast for the full year.

At the Mercedes Car Group, the measures taken to improve efficiency as a part of the CORE program and new products had a positive impact on operating results during the course of the year; the turnaround in earnings was achieved. Nonetheless, earnings for the full year were negative due to the realignment of the smart business model and the expenses for the personnel measures. In a difficult market environment, the Chrysler Group achieved a higher operating profit than in 2004. The Commercial Vehicles Division also developed positively in 2005 and achieved record earnings. Financial Services improved its operating profit. Other Activities' operating profit exceeded the prior year's result.

The DaimlerChrysler Group recorded **net income** of €2.8 billion in 2005, compared with €2.5 billion in the prior year. Based on the reported net income, earnings per share amounted to €2.80, compared with €2.43 in 2004.

Dr. Dieter Zetsche, Chairman of the Board of Management of DaimlerChrysler AG, stated, "DaimlerChrysler made significant progress in the year 2005. But our earnings are still not where we want them to be. We intend to grow profitably and to create added value over the long term - for the benefit of our customers, employees and shareholders."

The Board of Management will propose to the Supervisory Board to distribute a dividend of €1.50 per share to the shareholders. The proposed dividend takes account not only of the development of operating profit and cash flow in 2005, but also of our expectations for the coming years.

The Free cash flow of the Industrial Business increased by €0.3 billion to €2.1 billion. The net liquidity of Industrial Business increased by €5.1 billion to €7.3 billion.

Unit sales and revenues

DaimlerChrysler sold more than 4.8 million vehicles in 2005, surpassing the prior-year figure by 3%. The Group achieved new record unit sales for both passenger cars and commercial vehicles. The company's total revenues increased by 5% to €149.8 billion in 2005.

The workforce

As of December 31, 2005, DaimlerChrysler employed 382,724 people worldwide (end of 2004: 384,723). Of this total, 182,060 were employed in Germany (2004: 185,154) and 97,480 in the United States (2004: 98,119).

New management model

On January 24, 2006, DaimlerChrysler presented a new management model designed to improve the Group's competitiveness and promote further profitable growth. The new model will further integrate the Group's functions, more closely focus operational areas on their core processes, and encourage internal collaboration. In addition, it will reduce the redundancies of activities. This will make DaimlerChrysler quicker, leaner, more flexible and more efficient.

With the implementation of the new management model, the company intends to reduce its administrative expenses, which are currently significantly higher than the industry average, by an annual €1.5 billion. €0.5 billion of this total will be realized by the other efficiency programs already running, like CORE in the Mercedes Car Group.

As a consequence of the new management model, personnel capacities will also have to be adjusted. This will lead to a reduction of up to 20% in the number of persons employed in administrative departments during the years of 2006 through 2008, and 30% in management positions, totaling up to 6,000 jobs worldwide.

The total expenditure incurred for the implementation of the program in the years 2006 through 2008 is likely to be in the region of €2 billion.

Investing to safeguard the future

The DaimlerChrysler Group invested a total of €6.6 billion in property, plant and equipment in 2005 (2004: €6.4 billion). For the Mercedes Car Group, the focus was on preparing for the production of the new M-Class and R-Class at the US-plant in Tuscaloosa, Alabama, the new V6 and V8 engines and the successors to the C-Class and the smart fortwo. The main areas for the Chrysler Group were the preparation of production facilities for new model introductions and further improvements in plant efficiency and flexibility. The volume of investment in the Commercial Vehicles Division was significantly higher than in the prior year. This was primarily due to preparations for the production startup of the new Sprinter.

Research and development expenditures totaled €5.6 billion in 2005 (2004: €5.7 billion). The Mercedes Car Group's most important projects were the successor models for the C-Class and the smart fortwo. Research and development work at the Chrysler Group was once again influenced by the product offensive, in particular the renewal and expansion of the Jeep® and Dodge model lineup. The Commercial Vehicles Division's key projects included the new generation of trucks for Europe, the United States and Japan, and various new low-emission engines.

During the planning period of 2006 through 2008, DaimlerChrysler expects to invest a total of approximately €19 billion on property, plant and equipment. DaimlerChrysler also plans to invest substantial funds in the further expansion of its business activities in China. During the period of 2006 through 2008, DaimlerChrysler will invest €15.5 billion in its research and development activities. Therefore, a total of €34.5 billion will be invested in safeguarding the future.

Mercedes Car Group

The Mercedes Car Group sold 1,216,800 vehicles in 2005 (2004: 1,226,800). The success of the new models launched in the market led to significantly higher revenues for the Mercedes-Benz brand in the second half of the year. As a result, unit sales in 2005 were slightly higher than the figure recorded in 2004.

Revenues of €50.0 billion slightly exceeded the prior year's level.

The Mercedes Car Group posted an operating loss of €505 million for 2005, compared with an operating profit of €1.7 billion in the prior year. In the course of last year the turnaround in earnings was achieved. Charges on earnings totaling €1.1 billion arose in connection with the realignment of the smart business model. Expenses of €570 million were booked in 2005 relating to the staff-reduction program at Mercedes-Benz Passenger Cars, which was announced at the end of September 2005. These workforce adjustments, which aim for a reduction of 8,500 jobs at the German locations of the Mercedes Car Group by the end of September 2006, will lead to total costs of anticipated €950 million. By the end of 2005, approximately 5,000 employees had accepted

voluntary severance agreements or early retirement. The operating result was also negatively impacted by the continuation of measures initiated within the framework of the quality offensive. Further charges in the operational business resulted from less favorable currency-hedging rates than in the prior year (particularly for the US dollar), a less favorable model mix and higher raw-material prices.

The Mercedes-Benz brand introduced four important new models in 2005: the successor models for the M-Class and S-Class, and the new B-Class and R-Class sports tourers. Engine lineups were significantly upgraded with the launch of the new-generation V6 and V8 gasoline and diesel engines.

The Mercedes Car Group unveiled the new S-Class at the International Motor Show (IAA) in Frankfurt in September 2005. The model was subsequently launched in Western Europe and was met with an extremely positive response from customers and the press.

In 2005, the Mercedes-Benz brand expanded its range of products to include two completely new vehicles: the B-Class and the R-Class. A total of 8,300 R-Class sports tourers were sold in the United States in the year under review. A shorter version of the model will go on sale in Western Europe in the spring of 2006.

The new M-Class met with a very positive response among customers and the press. A total of 66,900 new M-Class vehicles have been sold since the model was launched in the United States in April 2005 and in Western Europe the following August.

The extensive measures being implemented within the framework of the quality offensive enabled Mercedes-Benz to significantly improve the quality of the vehicles in the year under review. Internal analyses as well as numerous external studies have shown this to be the case. In the 2005 J.D. Power Initial Quality Study, for example, the Mercedes-Benz brand moved up five notches and is now once again among the top five vehicle brands.

The Maybach high-end luxury brand expanded its range of models in 2005, thereby further boosting the brand's appeal. Since the brand was revived, Maybach has delivered some 1,500 vehicles around the world in an economic environment that has been challenging also for the luxury car sector. 300 of these automobiles were delivered in 2005.

Unit sales of the smart brand totaled 124,300 vehicles in the year under review (2004: 152,100). As part of the restructuring program for smart that was announced in April 2005, DaimlerChrysler discontinued production of the smart roadster and development of the planned smart SUV. The workforce was reduced from 1,350 to 750 employees at smart headquarters, and there was a reduction of 125 employees at the Hambach plant. As a result of these measures, smart succeeded in reducing fixed costs by 26% in the year under review, thus achieving its goals for the year 2005.

Chrysler Group

Worldwide, the Chrysler Group posted factory unit sales (shipments to dealers) of 2.8 million Chrysler, Jeep® and Dodge brand passenger cars, sports tourers, minivans, sport-utility vehicles and light trucks in 2005, an increase of 1% compared to the prior year. Worldwide retail and fleet sales increased by 5% to 2.8 million vehicles.

Due to higher unit sales, the Chrysler Group's revenues of €50.1 billion were 1% above the prior-year level.

Although market conditions remained difficult in North America, the Chrysler Group posted an operating profit of €1.5 billion in 2005, compared with an operating profit of €1.4 billion in the prior year. The increase in operating profit reflects an increase in worldwide factory unit sales and a €240 million gain realized on the sale of its Arizona Proving Grounds vehicle testing facility. These items were offset by negative net pricing and charges of €99 million related to financial support provided to one supplier.

In addition to improving efficiency and product quality, another strategic goal of the Chrysler Group is to achieve a sustained improvement in its competitive position as a result of new model launches. Therefore, the Chrysler Group continued its product offensive in 2005 with award-winning products such as the Dodge Charger, the Jeep® Commander and the new Dodge Ram Mega Cab pickup truck.

Mid-term, the Chrysler Group plans to further develop its presence in international markets. The Dodge brand will be launched in markets outside North America in 2006, while the product range for international markets was already expanded in 2005.

By the year 2007, the Chrysler Group aims to close the gap with the best competitors in the North American market in terms of vehicle quality and productivity. In 2005, additional measures were taken to achieve further productivity improvements and to optimize manufacturing processes. The results of the measures that have been implemented in recent years can be seen in the Harbour Report North America 2005 – a highly respected report measuring the productivity of automobile manufacturers in North America. Harbour's latest study shows that the Chrysler Group once again reduced its overall hours per vehicle, by 4.2 (2003: 7.8) %, in 2004, and an improvement of 5-6% is expected in the 2005 report in June.

The Chrysler Group will launch 10 all-new products in 2006 – more than in any other year in its history – including the Chrysler Aspen, Jeep® Wrangler, Jeep® Compass, Dodge Caliber and Dodge Nitro.

Commercial Vehicles Division

The Commercial Vehicles Division posted record results in 2005, with a 16% increase to a new high of 824,900 trucks, vans and buses.

Revenues at the division rose by 17% to €40.6 billion.

The Commercial Vehicles Division continued its positive development of the prior year and increased its operating profit from €1.3 billion to €2.1 billion. The increase in earnings was due primarily to the positive development of unit sales in all business units, especially the international market success of the products of the Trucks business segment, as well as the efficiency improvements achieved by implementing the “Global Excellence” program. This program is based on four initiatives and is designed to further improve the competitiveness of all the division’s business units and was announced by the division in June 2005. The operating profit achieved in the year 2005 includes exceptional income of €276 million from the settlement reached with Mitsubishi Motors Corporation (MMC) relating to charges for quality actions and recall campaigns at Mitsubishi Fuso Truck and Bus Corporation (MFTBC).

The Trucks business segment again posted a significant increase in sales in the year under review: Unit sales of 509,300 trucks exceeded the prior year’s figure by 25%. Unit sales at the Trucks Europe/Latin America business unit totaled 148,000 vehicles, an increase of 8% from the prior year and also a new record. The Trucks NAFTA business unit posted a 20% increase in sales to 182,400 units in 2005. The FUSO business unit sold 178,900 trucks and buses worldwide in 2005. Due to the date of FUSO’s first-time consolidation, the prior-year figure of 118,100 vehicles sold applies only to the last eight months of 2004. The Vans business unit also set a new sales record, selling 267,200 vehicles worldwide, an increase of 2%. Worldwide sales by the Buses business unit with the brands Mercedes-Benz, Setra and Orion rose by 10% to 36,200 buses, coaches and chassis.

At the Amsterdam Commercial Vehicle Show (RAI) in October 2005, the Commercial Vehicles Division unveiled important new products such as the Actros Cruiser 1860 LS concept truck and equipment for new applications for Axor construction vehicles. It also presented BlueTec diesel technology for the Atego and Axor truck series and a hybrid-drive Canter light truck.

The buses segment continued its product offensive in Europe. The unit’s full-line range of products was expanded in the fall of 2005 to include the new generation of the Mercedes-Benz Travego travel coach, the new Mercedes-Benz Citaro Low Entry urban and overland bus, and the new Setra MultiClass 400 overland bus.

Financial Services

The Financial Services division once again developed very positively in all regions in 2005. In the past financial year, the operating profit posted by Financial Services improved by 17% to €1.5 billion. The earnings development in 2005 was mainly a result of significantly lower charges from the involvement in Toll Collect, increased revenues generated by attractive financial services products, the positive development of risk costs and improved efficiency. There was a negative impact from higher interest rates, particularly in the United States.

Contract volume rose by 15% to €117.7 billion; when adjusted for exchange-rate effects, contract volume increased by 3%. At the end of the year, Financial Services' global portfolio comprised 6.4 million leased and financed vehicles. New business totaled €48.2 billion (2004: €50.9 billion) in an extremely competitive market environment in 2005.

As part of an organizational restructuring program, Financial Services combined all of its financial services activities in North and South America into the "Americas" region. Contract volume in this region increased by 18% to €85.9 billion, accounting for 73% of the total portfolio; when adjusted for exchange-rate effects, the increase was 1%. The Europe, Africa, Asia/Pacific region also developed positively in 2005. At €31.8 billion, contract volume was up 8% from the prior year.

In Germany, DaimlerChrysler Bank provided attractive products that once again led to an increase in leased and financed vehicles' share of the total number of Group-brand vehicles sold. The bank managed a contract volume of €15.2 billion at the end of the year under review (2004: €14.5 billion), serving some 987,000 customers, or 7% more than in 2004.

In November 2005, the division became the first financial services company to offer passenger-car and truck financing, as well as insurance, in China.

The toll collect system for trucks above twelve metric tons gross vehicle weight works reliably.

Other Activities

On November 17, 2005, DaimlerChrysler sold its entire stake in **Mitsubishi Motors Corporation** (MMC).

As part of the strategy of focusing even more closely on core business operations, DaimlerChrysler reached an agreement in December 2005 with EQT, a Swedish financial investor, on the sale of both **MTU Friedrichshafen GmbH** and the off-highway activities of Detroit Diesel Corporation (DDC). The transfer of ownership is likely to take place in the first quarter of 2006.

European Aeronautic Defence and Space Company (EADS) continued growing in 2005, and expects both revenues and earnings to surpass its prior-year figures once again. The company will publish its results for the 2005 financial year on March 8, 2006.

The **Other Activities** segment increased its operating profit by €135 million to €591 million in 2005.

Outlook

On the basis of the divisions' planning, DaimlerChrysler expects the Group's unit sales in 2006 to be in the range of the prior-year. Adjusted for exchange-rate effects, revenues in 2006 will most likely increase slightly. In the following years, DaimlerChrysler expects revenues to increase significantly in line with rising unit sales. In regional terms, the main source of growth will be the dynamic markets of Asia.

In January 2006, DaimlerChrysler announced its new management model. By implementing this program, DaimlerChrysler intends to generally improve the Group's competitiveness and create the right conditions for further profitable growth.

The implementation of these measures in the years 2006 through 2008 will involve investment and expenses. These expenses will be calculated and their allocation to the various years will be identified in the next months. The Group will therefore issue a more detailed earnings forecast for the year 2006 at a later point of time. DaimlerChrysler anticipates an improvement in profitability in 2006, with continuous increases in operating profit during the following years.

The driving force of this positive earnings trend is on the one hand the product offensive with more than 50 new vehicles in the period of 2005 through 2008. On the other hand, an important contribution will come from the ongoing efficiency-improving programs which are being pushed steadily forward.

A fundamental condition for the targeted increase in earnings is a generally stable economic and political situation and the moderate increase in the worldwide demand for automobiles expected for the years of 2006 through 2008. Opportunities and risks may arise from the development of currency exchange rates, interest rates and raw-material prices.

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

This document 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.

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DaimlerChrysler – Figures for 2005

DaimlerChrysler Group	2005	2004
	€ (Euro)	€ (Euro)
Revenues, in millions	149,776	142,059
Operating profit, in millions	5,185	5,754
Net income, in millions	2,846	2,466
Earnings Per Share (EPS)	2.80	2.43
Dividend proposed	1.50	1.50
Employees (at year-end)	382,724	384,723

Operating profit (loss) by segments	2005	2004
in millions	€ (Euro)	€ (Euro)
Mercedes Car Group	(505)	1,666
Chrysler Group	1,534	1,427
Commercial Vehicles	2,093	1,332
Financial Services	1,468	1,250
Other Activities	591	456

Revenues by segments	2005	2004
in millions	€ (Euro)	€ (Euro)
Mercedes Car Group	50,015	49,630
Chrysler Group	50,118	49,498
Commercial Vehicles	40,634	34,764
Financial Services	15,439	13,939
Other Activities	2,396	2,200

Unit sales by segments	2005	2004
DaimlerChrysler Group ¹⁾	4,829,200	4,702,400
Mercedes Car Group	1,216,800	1,226,800
Chrysler Group	2,813,000	2,779,900
Commercial Vehicles	824,900	712,200

1) Due to eliminations (Sprinter vans sold under the Freightliner and Dodge brand), the sum of the divisions does not add up to the Group total.

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DaimlerChrysler – Figures for the 4th Quarter 2005

DaimlerChrysler Group	Q4/2005	Q4/2004
	€ (Euro)	€ (Euro)
Revenues, in millions	41,454	37,745
Operating profit, in millions	1,048	785
Net income (Loss), in millions	966	526
Earnings Per Share (EPS)	0.95	0.52
Employees (at year-end)	382,724	384,723

Operating profit (loss) by segments	Q4/2005	Q4/2004
in millions	€ (Euro)	€ (Euro)
Mercedes Car Group	1	20
Chrysler Group	428	386
Commercial Vehicles Division	357	437
Financial Services	347	145
Other Activities	(14)	(21)

Revenues by segments	Q4/2005	Q4/2004
in millions	€ (Euro)	€ (Euro)
Mercedes Car Group	14,641	12,858
Chrysler Group	13,464	12,712
Commercial Vehicles Division	10,881	9,992
Financial Services	4,147	3,660
Other Activities	819	817

Unit sales by segments	Q4/2005	Q4/2004
Mercedes Car Group	350,900	348,300
Chrysler Group	670,700	718,800
Commercial Vehicles Division	213,500	208,700

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