

## Investor Relations Release

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### **Dieter Zetsche addresses Annual Meeting: Profitability expected to improve**

- **Shareholders to decide on unchanged dividend of €1.50 per share**
- **New Management Model designed to make DaimlerChrysler more successful**

Berlin – DaimlerChrysler (stock exchange abbreviation DCX) expects an improvement in profitability in fiscal year 2006, with continuing increases in operating profit during the following years, says Dr. Dieter Zetsche, Chairman of the Board of Management, according to the written version of his speech, at the Annual Meeting in Berlin on Wednesday. Says Zetsche, “We've set ourselves challenging but realistic goals that we intend to achieve within the foreseeable future.” A more detailed earnings forecast for the full year will be presented to coincide with the publication of the company's financial results for the first quarter on April 27, 2006.

#### **New Management Model**

To further improve earnings, the Board of Management initiated the New Management Model at the end of January, says Zetsche. “The New Management Model will make DaimlerChrysler faster, more flexible and more efficient – and therefore more successful.” One key goal here is to make the company's administrative functions leaner and eliminate redundancies between the Group and divisional levels. This in turn will make the reporting and decision-making processes faster and leaner. According to Zetsche, these measures will “enable our operating units to focus on their core business of developing, building and selling fascinating vehicles.”

In addition, processes and methods are to be harmonized and standardized not just within the business units but also between them. This networking will be much more extensive in the future, ranging from the exchange of know-how and the adoption of best practices to the exchange of technologies and the joint development of components. According to Zetsche, the identity of the brands will not be affected.

As a result of the implementation of the New Management Model, some 6,000 administrative positions will be cut worldwide. Executives in Germany will be offered severance agreements and early retirement. All of the steps taken regarding employees covered by collective bargaining agreements will be based on the "Safeguarding the Future 2012" agreement that was signed in July 2004.

Zetsche makes a point of emphasizing that the company's most important capital is its employees. "And we also realize that behind the numbers we are talking about are the lives of real people," he says. "We therefore regard it as our duty to make the necessary personnel cuts fairly." In the long term, these measures will also help to safeguard Germany as a business location.

"We are convinced that the New Management Model will help us to become better and faster at transforming DaimlerChrysler's potential into compelling products," says Zetsche.

Zetsche is confident that thanks to current measures to boost productivity and efficiency, the **Mercedes Car Group** will achieve the planned 7 percent return on sales (RoS) in 2007. In terms of results, the division achieved the turnaround in the second quarter of 2005. Altogether, the Mercedes Car Group plans to cut 8,500 jobs by the end of September. This program is being implemented according to plan. Up to now, around 7,800 employees have taken advantage of voluntary severance agreements and early retirement packages.

The **Chrysler Group** aims to stand "shoulder to shoulder with its leading global competitors in terms of quality, productivity and customer satisfaction in 2007," says Zetsche. "Of course, it will continue to thrill customers with outstanding products," he adds. This year ten new products will be introduced – more than ever before in a single calendar year. Last year, the Chrysler Group not only further increased its efficiency and productivity but also improved its flexibility.

In fiscal year 2005, the **Commercial Vehicles** division launched the "Global Excellence" program in order to translate its size and market position into economies of scale and to substantially increase its profitability. In January 2006, a new distribution of business operations was confirmed as part of the New Management Model. The division now known as the Truck Group will focus on the truck business. The Vans unit will report to the head of the Mercedes Car Group, and the Bus unit will report to the head of the Truck Group. These measures will help the division come much closer to its goal of posting profits that better reflect its position as Number 1 in terms of sales.

The **Financial Services** division is concentrating on achieving profitable growth in its core business this year and beyond. Since last November, Financial Services has been the first financial services company to offer financing and insurance for passenger cars and commercial vehicles in China, supporting the automotive divisions' penetration of this major market.

At the Group level, DaimlerChrysler also continued to focus on its automotive core business. As already announced in early April, the company has decided to reduce its 30 percent share in EADS, the European Aeronautic Defence and Space Company, to 22.5 percent. Dieter Zetsche: "In 2005, EADS substantially exceeded its financial targets for the sixth year in a row. Its order volume has more than doubled – partially due to the large demand for the Super Airbus A 380. And that's an excellent basis for achieving further profitable growth in the years ahead. We aim to support this growth and to remain a major shareholder with a stake of at least 15 percent. Should we eventually decide to reduce our share to 15 percent, we will strive to maintain the balance between German and French shareholders." The sale of MTU Friedrichshafen to the Swedish financial investor EQT in 2005 is a further step toward a focus on the company's core business, Zetsche says.

In front of 8,000 shareholders, the Chairman takes a detailed look at the results of fiscal year 2005. The operating profit was €5.2 billion. Excluding the €1.1 billion charges due to restructuring of the business model at smart, the operating profit would have been greater than the previous year's figure of €5.8 billion. Consolidated revenues increased by 5 percent to approximately €150 billion. And the Group's net income also topped the previous year's figure, increasing from €2.5 to €2.8 billion.

However, "we are not satisfied with last year's results level," declares Zetsche. The return on net assets failed to cover the company's capital costs. And DaimlerChrysler is still far from its target of achieving a return on net assets (RoNA) of 10 percent. "Our mission is to put DaimlerChrysler back on top," says Zetsche.

### **Unchanged dividend to be paid**

The Board of Management and the Supervisory Board propose to the Annual Meeting that DaimlerChrysler pay a dividend of €1.50 per share for fiscal year 2005 (2004: €1.50). This corresponds to a dividend sum of €1.5 billion (2004: €1.5 billion). This proposal takes into consideration the operating profit and cash flow development in 2005, as well as the perspectives for subsequent years.

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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