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## Press Information

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## **DaimlerChrysler: Operating profit up to \$1,082 million in first quarter**

- **Net income of \$363 million**
- **Earnings per share of \$0.35**
- **Increase in revenues to \$45.1 billion**
- **Operating profit of more than \$7.3 billion anticipated for full year 2006**

Stuttgart - DaimlerChrysler (stock-exchange abbreviation DCX) recorded an operating profit of \$1,082 million in the first quarter of 2006 (Q1 2005: \$762 million). Earnings in both years were negatively affected by substantial expenses relating to smart.

DaimlerChrysler posted first-quarter net income of \$363 million (Q1 2005: \$350 million). The increase in operating profit of \$319 million was largely offset by the higher net interest expense and other financial expense. The charges related to the discontinuation of the smart forfour model and the realignment of the smart business model in the prior year had a negative effect on net income by \$733 million and \$622 million, respectively. Earnings per share amounted to \$0.35, compared with \$0.34 in the first quarter of 2005.

## **Significant sales revival with increases in unit sales and revenues**

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DaimlerChrysler sold 1.15 million vehicles worldwide in the first quarter of 2006, surpassing the figure for Q1 2005 by 6%.

As a result of the positive development of unit sales, the Group's total revenues increased by 17% to \$45.1 billion. Adjusted for exchange-rate effects, revenues rose by 12%.

At the end of the first quarter of 2006, DaimlerChrysler employed a workforce of 368,853 people worldwide (end of Q1 2005: 386,789).

The total number of employees decreased compared with the position a year earlier primarily due to the staff-reduction measures initiated at the Mercedes Car Group (-6%) at the end of September 2005 and the sale of the Off-Highway business with approximately 7,000 employees.

### **New management model**

In connection with the new management model, the Supervisory Board today authorized the Board of Management to spend an additional sum of approximately \$2.4 billion on the implementation of this model in the period until 2008, subject to the results of negotiations on the compensation of interests. \$0.6 billion of this total is likely to be accounted for in 2006.

### **Details of the divisions in the first quarter of 2006**

The **Mercedes Car Group** sold 281,500 vehicles in the first quarter of this year, surpassing the figure for Q1 2005 by 14%. First-quarter revenues increased by 19%.

The division reported an operating loss of \$823 million (Q1 2005: operating loss of \$1,158 million). The planned discontinuation of the smart forfour resulted in expenses totaling \$1,192 million, primarily related to provisions for compensation payments to contractual partners and the valuation of vehicle inventories. In the prior year, charges of \$971 million were recognized for the realignment of the smart business model. Earnings in the first quarter of 2006 were also reduced by \$246 million due to the ongoing staff reduction program at Mercedes Car Group in the context of the CORE program.

Adjusted to exclude these above-mentioned items in both years, the Mercedes Car Group increased its operating profit significantly. This was due to higher unit sales and an improved model mix, resulting in particular from the launch of the new S-Class, M-Class and R-Class. Furthermore, the efficiency improving measures initiated in the context of the CORE program also had a positive effect.

Unit sales of the Mercedes-Benz brand increased by 16% to 255,200 vehicles in the first quarter. In particular, the new M-Class and the B-Class contributed to this growth, selling 25,400 and 30,600 units respectively. Following its successful start in Europe and Asia, the new S-Class has been available in the United States since February. A total of 25,400 S-Class cars was sold in the first quarter and set a new record for the S-Class sedan. Unit sales of the R-Class, available in the United States since the fall of 2005 and now also in Europe since February amounted to 8,200 vehicles.

The Mercedes-Benz GL-Class had its world debut at this year's Detroit Motor Show, and will be on sale in the United States in May and in Europe as of September. At the Geneva Motor Show, the exclusive high-performance models, CLS 63 AMG and CLK 63 AMG were presented, as well as the SL roadster models with upgraded technology,

design and equipment, and their AMG versions, the SL 55 AMG and SL 65 AMG. The outstanding new models shown in Detroit and Geneva included the pioneering BlueTec diesel technology. In the fall of this year, the world's cleanest diesel car will be launched in the US market: the E 320 BlueTec. Page 4

Worldwide unit sales by smart amounted to 26,200 vehicles - similar to the figure for the prior-year quarter. The smart fortwo model continued to defend its position, posting 3% growth in unit sales.

As announced at the end of March, the brand will focus on the smart fortwo in the future, completely integrating all functions in the Mercedes-Benz organization. This is intended to secure the profitability of smart as of the year 2007 and to secure the brand's long-term future. The successor model to the smart fortwo will be launched in Europe next year.

The **Chrysler Group's** first-quarter retail sales increased by 4% to 690,700 vehicles. The growth was primarily due to the market success of the new products launched in 2005, including the new Dodge Charger (31,400 units) and the Jeep® Commander (20,200 units). Factory shipments in the first quarter increased by 4% to 695,400 vehicles.

Revenues of €12.6 billion were 17% higher than the figure for the prior-year quarter. Measured in U.S. dollars, revenues increased by 7%.

Although market conditions remained difficult in North America, the division posted an operating profit of \$144 million in the first quarter of this year, compared with an operating profit of \$306 million in Q1 2005.

The decrease in operating profit was primarily the result of negative net pricing and the product and market mix, partially offset by an increase in worldwide factory unit sales.

The Chrysler Group started production of the all-new Dodge Caliber compact car in the first quarter of 2006. Other vehicles to be introduced in 2006 include the Jeep® Compass and Jeep® Patriot (compact SUVs), two- and four-door versions of the Jeep® Wrangler, the Chrysler Aspen, the Dodge Nitro and the Dodge Ram Chassis-Cab.

The newly created **Truck Group** division focuses on the worldwide truck business. Therefore the Global Excellence program can be implemented even more efficiently. The primary aim of this program is to make the truck business less dependent on the market cycles typical of the industry and to remain reasonably profitable also when markets are weak.

The Truck Group's unit sales continued the positive development of last year in the first quarter of 2006. Sales of 119,300 vehicles were close to the figure for Q1 2005. Revenues increased by 10% to \$9 billion.

The Truck Group posted a first-quarter operating profit of \$517 million (Q1 2005: \$847 million). The prior-year figure included income of \$335 million from the settlement agreement reached with Mitsubishi Motors Corporation related to the expenses incurred for quality actions and recall campaigns at Mitsubishi Fuso Truck and Bus Corporation.

Positive effects on earnings from the ongoing high level of unit sales combined with an improved model mix and the efficiency improvements resulting from the Global Excellence program almost offset

higher expenses for new vehicle projects and to fulfill future emission regulations. Page 6

Unit sales by Trucks Europe/Latin America decreased by 7% compared with the prior-year period to 30,000 vehicles. Unit sales by Trucks NAFTA increased by 5% to 50,700 units. Fuso posted unit sales of 38,700 vehicles (Q1 2005: 41,300).

As a result of the integration of 26 dealers in Japan effective March 1, 2006, in the future Fuso will be able to attain uniform standards in the key functions of sales and service, and to allow a homogenous market image.

Work began on the construction of a new development and test center at the truck plant in Würth during the first quarter of this year. This will promote even closer integration of the functions of development and production. Completion is planned for the year 2007. At the beginning of the year, the new Sterling 360 truck was launched in North America.

The **Financial Services** division increased its first-quarter operating profit from \$398 million to \$544 million. This increase in earnings was aided by lower risk costs, the increased volume of business, the positive earnings trend at Toll Collect and the stronger US dollar compared with the prior-year period. These factors more than offset the negative impact from a higher level of interest rates.

New business of \$16.6 billion exceeded the level of Q1 2005 by 15%. Contract volume of \$141.2 billion at the end of the period was 9% higher than a year earlier; the increase amounted to 3% after adjusting for the effects of currency translation.

In the Americas region (North and South America), Financial Services' most important market, the division expanded its new business by 15% to \$11.9 billion. Contract volume increased from \$93.6 billion to \$103.1 billion. Adjusted for exchange-rate effects, the increase amounted to 2%. Contract volume of \$38.1 billion in the region of Europe, Africa, Asia/Pacific exceeded the high level of the prior-year quarter. In Germany, DaimlerChrysler Bank managed a contract volume of \$18.5 billion by the end of the quarter, compared with \$17.4 billion a year earlier, and its customer base grew by 6% to approximately 994,000 customers.

Financial Services makes an important strategic contribution with its activities in the Asia/Pacific region, helping the Group to enter new market segments and to profit from the growth potential in this region.

The new segment of **Van, Bus, Other** comprises the units Vans and Buses, DaimlerChrysler's equity interest in the European Aeronautic Defence and Space Company (EADS), the Corporate Research area, the real-estate activities and the holding and finance companies. In the year 2005, the Vans and the Buses were included in the Commercial Vehicles division. The figures for the prior-year quarter have therefore been adjusted for comparability.

The operating profit reported by the Van, Bus, Other segment increased to \$513 million, compared with \$284 million in the first quarter of last year. The result includes income of \$284 million from the disposal of DaimlerChrysler's Off-Highway business to EQT, a Swedish financial investor. **Vans and Buses** made a positive contribution to the segment's operating profit.

The **Mercedes-Benz Vans unit** sold 59,700 vehicles worldwide in the first quarter of 2006, an increase of 16% compared with the prior-year period. Revenues amounted to \$2.3 billion (Q1 2005: \$1.9 billion). Page 8

The increase in unit sales was primarily due to significantly stronger demand for medium-sized vans in Western Europe. Despite the upcoming model changeover, unit sales of the Sprinter increased by another 12% to 37,400 units. The new Sprinter was presented to the public at the end of January, and customers' reactions have been very positive.

Sales of **buses** and chassis by the brands Mercedes-Benz, Setra and Orion increased by 5% to 7,800 units in the first quarter. Revenues increased by 15% to \$948 million.

The Bus unit continued to maintain its innovation and technology leadership in 2006. The buses launched in Europe in 2005 - Mercedes-Benz Travego, Citaro Low Entry and Integro and the Setra MultiClass 400 - have been offered with the new Euro-4 engines featuring BlueTec technology since the beginning of 2006.

**EADS** will publish its figures on the first quarter of 2006 on May 16, 2006. The contribution to earnings from EADS was positive once again. At the beginning of April, DaimlerChrysler decided to reduce its 30% equity interest in EADS to 22.5%. DaimlerChrysler will continue to be an important shareholder in EADS in the future, with an equity interest of at least 15%.

Parallel to the development of the world economy, the dynamism of global demand for automobiles is likely to decrease slightly. For full-year 2006, DaimlerChrysler therefore anticipates a growth rate similar to that in 2005. Whereas market volumes at prior-year levels are the best that can be expected for the United States and Western Europe, demand should increase significantly in almost all of the large emerging economies. Slight growth is expected for Japan. Worldwide demand for commercial vehicles is likely to remain at a high level in 2006. DaimlerChrysler assumes that competitive pressure in the automotive industry will intensify as a result of worldwide overcapacity.

DaimlerChrysler anticipates unit sales in 2006 in the magnitude of the prior year (2005: 4.8 million vehicles).

At the **Mercedes Car Group**, the company expects full-year unit sales at least at the level of 2005, combined with an improved model mix. The product offensive will continue this year with the new GL-Class, the CL coupe based on the new S-Class, the revised SL roadster and above all the new generation of the E-Class, which was presented in the middle of April. At smart, DaimlerChrysler will focus on the smart fortwo. At the same time, the CORE efficiency-improving program will be continued.

The **Chrysler Group** assumes that unit sales will remain stable in an unchanged difficult market environment in 2006. The division will launch a total of ten new models on the market in the course of the year, although a large number of them will not be available for sale until the second half of the year. However, the Chrysler Group will

continue its actions to improve productivity, quality and customer satisfaction in the current year.

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The **Truck Group** anticipates stable unit sales for full-year 2006. The division will continue modernizing its product range with the Mitsubishi Fuso Canter light truck with hybrid drive, the Stratosphere heavy-duty truck from Western Star and the Sterling 360 light-duty delivery truck. The Truck Group will also continue with the consistent implementation of the Global Excellence program.

The **Financial Services** division looks forward to moderate growth in contract volume during the course of the year, taking into consideration the rising level of interest rates. Financial Services will further intensify its cooperation with the vehicle units. In the coming years, the division intends to further enhance customer and dealer satisfaction and process quality while achieving efficiency improvements.

The **Vans** unit expects lower unit sales than in 2005 due to the Sprinter model change. For the **Bus** activities, DaimlerChrysler assumes that unit sales will remain at the high level of the prior year. **EADS** plans for a stable market for civil aircraft in the year 2006; Airbus deliveries should increase again compared with the prior year.

The DaimlerChrysler Group anticipates a slight increase in revenues in the year 2006 (2005: \$181.8 billion).

For full-year 2006, DaimlerChrysler anticipates an improvement in profitability and operating profit to exceed \$7.3 billion. This figure includes charges for the implementation of the new management model (\$0.6 billion), for the focus on the smart fortwo (\$1.2 billion) and for the staff reductions at the Mercedes Car Group (\$0.5 billion),

as well as a gain on the disposal of the off-highway business (\$0.2 billion).

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For the reader's convenience, the financial information has been translated from euros into U.S. dollars at an assumed rate of €1 = \$1.2139 (noon buying rate on March 31, 2006). The convenience translation does not mean that the euro amounts actually represent the corresponding dollar amount stated or could be converted into dollars at the assumed rate.)

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; disruption of production or vehicle deliveries, 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.

Further information on DaimlerChrysler is available on the internet at:  
**[www.media.daimlerchrysler.com](http://www.media.daimlerchrysler.com)**