

Investor Relations Release

July 28, 2005

DaimlerChrysler posts operating profit of €1.7 billion in second quarter of 2005

- **Group operating profit of €2.0 billion, excluding charges related to the realignment of the smart business model**
- **Total revenues grew by 4% to €38.4 billion**
- **Net income increased by €160 million to €737 million (+28%)**
- **Excluding charges related to the realignment of the smart business model, Group operating profit for the full year still expected to increase slightly compared with 2004 (€5.8 billion)**

Stuttgart/Auburn Hills - DaimlerChrysler recorded an operating profit of €1.7 billion in the second quarter of 2005, compared with €2.1 billion in the same period of last year. This result is significantly above analysts' estimates. As previously announced, the realignment of the smart business model caused additional expenses during the second quarter. Excluding these charges, the Group's second-quarter operating profit amounted to €2.0 billion, which was close to the level recorded in Q2 2004.

However, Group operating profit increased significantly from €628 million in the first quarter of this year to €1.7 billion in the quarter under review.

Net income of €737 million is reported for the second quarter of 2005, which is €160 million higher than in the same period of last year (+28%). The decrease in operating profit was more than offset by the improved financial income (expense), net, and lower income taxes. Earnings per share amounted to €0.73, compared with €0.57 in the second quarter of 2004.

The net liquidity of the industrial business increased from €3.6 billion at the end of the first quarter of 2005 to €5.5 billion at the end of the second quarter.

Increases in unit sales and revenues

In the second quarter of this year, DaimlerChrysler increased its worldwide unit sales by 4% to 1.3 million vehicles compared with the same period of last year.

DaimlerChrysler's second-quarter revenues also increased by 4% to €38.4 billion. Adjusted for currency-translation effects and changes in the consolidated Group, revenues grew by 6%.

At the end of the second quarter of 2005, DaimlerChrysler employed a workforce of 388,758 people worldwide (+1%). Adjusted for changes in the consolidated Group, the number of employees increased by 2%.

Details of the divisions in Q2 2005

The **Mercedes Car Group**'s second-quarter unit sales decreased by 4% to 308,100 vehicles due exclusively to lower sales at smart; revenues were also down by 4%.

After an operating loss in the first quarter of this year, the Mercedes Car Group recorded slightly positive earnings in this quarter (Q2 2004: €703 million), thereby achieving the turning point in operating performance. The division's operating profit of €12 million includes further expenses of €311 million for the realignment of the smart business model. Excluding these expenses for smart, the division's result would have been an operating loss of €154 million in the first quarter of this year and an operating profit of €323 million in the second quarter. This significant increase in earnings is primarily due to new models and the efficiency-improving actions taken through the CORE program.

There were offsetting effects at Mercedes-Benz Passenger Cars due to lower unit sales of the S-Class and M-Class for model-cycle reasons, a less favorable model mix and the continued strength of the euro. In addition, increased raw material prices and the launch costs for the new M-Class reduced earnings.

Unit sales by the Mercedes-Benz brand of 273,400 vehicles were at the same level as in Q2 2004. Increases over the prior-year period were particularly strong for the A-Class and the SLK roadster. The new M-Class, which was launched in the United States in April, and the B-Class, newly launched in June, both had very successful starts. In the run up to the model changeover, S-Class sales did not reach last year's levels, but this car still maintained its worldwide position as a leader in the luxury segment.

The comprehensive measures taken as a part of the quality offensive are showing results: According to this year's J. D. Power Initial Quality Study, the Mercedes-Benz brand improved by 5 places and was thus one of the top five car brands.

Within the framework of the CORE program, by the end of June a large number of ideas had been developed to reduce costs and increase revenues in the Mercedes Car Group, and a high proportion of the total volume of profitability improvements targeted for the year 2005 had already been identified. By the year 2007, the Mercedes Car Group intends to improve its earnings by up to €3.5 billion and to achieve a return on sales of 7%.

Due to the continuation of difficult conditions in the market for small cars and inventory reductions, shipments to dealers by the smart brand fell to 34,700 vehicles in the second quarter (Q2 2004: 45,100). However, retail sales increased by 2% to 38,700 cars.

The program for the realignment of the smart business model is progressing as planned. Important milestones were the agreement achieved with the employee council on the planned job reductions and with the European smart dealer organization on an optimized distribution system.

The **Chrysler Group** increased its second-quarter worldwide retail sales by 3% to 783,000 vehicles. This increase was primarily due to the market success of new products launched in 2004 such as the Chrysler 300 (+18%), the Dodge Magnum (+133%), the Jeep® Grand Cherokee (+26%) and the new minivans featuring the innovative Stow'n Go seating system (+6%). Unit sales (factory shipments) increased by 4% to 812,200 vehicles.

As a result, in particular, of the appreciation of the euro against the US dollar, revenues decreased by 1% to €13.0 billion. Measured in US dollars, revenues rose by 3%.

The Chrysler Group posted an operating profit in a difficult market environment of €544 million in the second quarter of 2005, compared with an operating profit of €521 million in the second quarter of 2004. The increase in operating profit, resulting from increased shipments and cost reductions, was partially offset by negative net pricing, shifts in product and market mix and the appreciation of the euro against the US dollar.

According to the respected Harbour Report North America, the Chrysler Group boosted its productivity by a further 4.2% during 2004. Over the past three years, it has improved its overall manufacturing productivity by a substantial 19%. In the J. D. Power Initial Quality Survey, the Chrysler Group was able to maintain its quality rating in 2004, despite the launch of nine new models in that year.

To be able to react quickly to fluctuations in demand, the Chrysler Group will, over the coming years, further improve its manufacturing flexibility and modernize its production equipment. In the second quarter, the division therefore announced major investments at selected plants.

The **Commercial Vehicles Division** increased its unit sales by 20% to 221,600 vehicles in the second quarter, while revenues increased by 19% to €10.6 billion. Adjusted for changes in the consolidated Group - Mitsubishi Fuso Truck and Bus Corporation (MFTBC) was only consolidated for two months in the second quarter of 2004 - unit sales rose by 8% and revenues by 12%.

With a second-quarter operating profit of €524 million, the Commercial Vehicles Division once again increased its earnings compared with the prior-year period (+12%). The continuing positive development of unit sales in nearly all of the division's business units, particularly for trucks, and the successful continuation of the efficiency improvement programs were the primary factors behind the increase in operating profit. These factors more than compensated for charges on earnings resulting primarily from more expensive raw materials and exchange rate effects.

The positive development of the truck business continued in the second quarter of 2005. The Trucks NAFTA business unit (Freightliner, Sterling, Thomas Built Buses, Western Star) improved its unit sales by 32% to 48,700 vehicles, primarily as a result of the continuing

strong demand for heavy trucks in the North American market. Unit sales by the Trucks Europe/Latin America business unit (Mercedes-Benz) increased by 14% to 40,100 trucks, mainly due to the market success of the Axor and Actros models. MFTBC's second-quarter unit sales decreased by 11% to 45,900 trucks and 2,100 buses. Sales of 72,300 vehicles by the Vans business unit were close to the number sold in Q2 2004. The DaimlerChrysler Buses business unit sold 9,500 buses and chassis, 11% more than in the second quarter of last year.

In the quarter under review, the division unveiled the "Global Excellence" program. It comprises four initiatives supporting the implementation of the Commercial Vehicles Division's existing strategy. These initiatives aim to reduce dependence on industry cycles, to increase synergy effects and economies of scale, to accelerate our growth in the global commercial-vehicle markets and to extend our innovation leadership with new products.

The operating profit of the **Financial Services** division remained at a high level of €385 million (Q2 2004: €472 million). The negative impact on profits resulting from the strength of the euro against the US dollar and rising interest rates, particularly in the United States, was partially offset by a lower cost of risk.

Contract volume increased by 9% to €114.2 billion; after adjusting for exchange-rate effects the increase amounted to 8%. At the end of the second quarter, the portfolio comprised a total of 6.5 million vehicles (+3%). New business decreased by 4% compared with last year's second quarter to €12.9 billion.

In the 'Americas' region (North and South America), contract volume increased to €83.8 billion (+10%), representing a share of 73% of the total portfolio. Contract volume of €30.4 billion in the region of Europe, Africa, Asia/Pacific exceeded the high level of the prior-year quarter (+7%). In Germany, the DaimlerChrysler Bank further strengthened its position with the financing and leasing of DaimlerChrysler vehicles. Contract volume increased by 6% to €14.6 billion. In China, the division is proceeding according to plan with preparations for the establishment of its own financing company.

The toll-collection system, which started successfully in Germany at the beginning of the year, proved its reliability during the second quarter, being extremely stable in full-load

operation. The development of the software for the second version of the on-board units (OBU) is running according to plan; this should enable toll parameters and route data to be updated via mobile telephony as of January 1, 2006. So far, more than 450,000 OBUs have been installed in trucks weighing more than 12 tons.

Other Activities' operating profit of €144 million represented an improvement of €59 million compared with the second quarter of 2004. This improvement was mainly the result of an increased operating profit at the **European Aeronautic Defence and Space Company (EADS)** due to higher deliveries of Airbus aircraft. EADS performed extremely well in the first half of 2005.

The **DaimlerChrysler Off-Highway** business unit made a higher contribution to the Other Activities segment's operating profit than in the prior-year quarter due to positive market developments, improved revenue structures and measures taken to improve efficiency. DaimlerChrysler Off-Highway increased its second-quarter revenues by 12% to €467 million. Incoming orders of €594 million were also significantly higher than in Q2 2004.

Outlook for full-year 2005

Demand in the automotive industry is likely to remain rather moderate in the second half of the year. Whereas demand for passenger cars will go on rising in most of the emerging markets, DaimlerChrysler expects unit sales at last year's levels in the world's three major markets of North America, the European Union and Japan, although there may be very strong seasonal fluctuations from one quarter to the next. Demand for commercial vehicles should remain at its present high level. In view of further reductions in model lifecycles and ongoing over-capacity, the company expects a continuation of the intensely competitive pressure in the automobile industry.

DaimlerChrysler anticipates a slight increase in unit sales in full-year 2005 compared with 2004.

At the **Mercedes Car Group**, the general availability of numerous new models and engines should stimulate unit sales in the second half of the year. This will be boosted by the extremely positive response to the new S-Class, with the first cars being delivered to

customers in September. In addition, the new R-Class will be launched in the United States this fall. With these new vehicles, the Mercedes-Benz brand will have its broadest and youngest ever product range. For the full year, the division expects a slight increase in unit sales compared with 2004. The Mercedes Car Group anticipates continuous earnings improvements following the turning point in the second quarter.

The **Chrysler Group** anticipates a continuation of the tough competition in the North American market during the rest of this year. Total market volume in the United States is likely to be around 17.2 million vehicles. In particular, the success of the new models should help the division to increase its unit sales compared with the year 2004.

In the second half of 2005, the **Commercial Vehicles Division** expects unit sales to continue the pleasing development shown in the first half, so that a significant increase should be achieved for the full year. There will be a positive impetus in particular from the strong demand (evident since last year) for Freightliner's heavy-duty trucks in the NAFTA region, as well as for Mercedes-Benz trucks.

The **Financial Services** division assumes that levels of new business and contract volume will be stable during the rest of the year.

EADS expects the recovery of the market for civil aircraft to continue in the second half of the year. In full-year 2005, EADS plans to deliver more than 360 Airbus aircraft (2004: 320).

The **DaimlerChrysler Group** continues to expect higher revenues in 2005 than in 2004. The development of revenues remains highly dependent on changes in the exchange rate between the euro and the US dollar.

The size of the workforce is expected to increase slightly.

Despite the recent rise of the US dollar against the euro, operating profit for full-year 2005 will be impacted by the less favorable dollar-euro exchange rate compared to the prior year. In addition, the development of earnings will continue to be impacted by increases in raw material prices during the rest of this year.

After increasing Group earnings in the second quarter by more than originally anticipated and achieving the turning point at the Mercedes Car Group, for full-year 2005 DaimlerChrysler continues to expect a slight increase in operating profit compared with the prior year, excluding the charges related to the realignment of the smart business model.

This Investor Relations Release 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 successful implementation of the new business model for smart; supply interruptions of production materials, resulting from shortages, labor strikes or supplier insolvencies; 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.

If you have any questions, please contact our Investor Relations Team:

European IR office

Dr. Michael Mühlbayer

Phone +49/711-17-92656

Fax +49/711-17-93803

e-mail: michael.muehlbayer@DaimlerChrysler.com

Friedrich Lauer

Phone +49/711-17-92286

Fax +49/711-17-95235

e-mail: Friedrich.Lauer@DaimlerChrysler.com

Lutz Deus

Phone +49/711-17-92261

Fax +49/711-17-94109

e-mail: Lutz.Deus@DaimlerChrysler.com

Bjoern Scheib

Phone +49/711-17-95256

Fax +49/711-17-94109

e-mail: Bjoern.Scheib@DaimlerChrysler.com

US IR office

David L. Nelson

Phone +1/248-512-2812

Fax +1/248-512-2912

e-mail: dn2@DaimlerChrysler.com

Timothy S. Krause

Phone +1/248-512-2923

Fax +1/248-512-2912

e-mail: tsk@DaimlerChrysler.com

DAIMLERCHRYSLER

Figures for the 2nd Quarter 2005/First Half-Year 2005

| DaimlerChrysler Group values in € | Q2 2005 | Q2 2004 | Change 05:04 | YTD 2005 | YTD 2004 | Change 05:04 |
|---|------------|------------|-----------------|-------------|-------------|-----------------|
| Revenues, in millions | 38,423 | 37,072 | + 4 % | 70,167 | 69,423 | + 1 % |
| Operating profit, in millions ¹⁾ | 1,671 | 2,091 | - 20 % | 2,299 | 3,637 | - 37 % |
| Net income, in millions ¹⁾ | 737 | 577 | + 28 % | 1,025 | 989 | + 4 % |
| Per Share (EPS) ¹⁾ | 0.73 | 0.57 | + 28 % | 1.01 | 0.98 | + 3 % |
| Employees (June 30) | 388,758 | 383,724 | + 1 % | 388,758 | 383,724 | + 1 % |

| Operating profit (loss) by Divisions in millions of € | Q2 2005 | Q2 2004 | Change 05:04 | YTD 2005 | YTD 2004 | Change 05:04 |
|--|------------|------------|-----------------|-------------|-------------|-----------------|
| Mercedes Car Group | 12 | 703 | - 98 % | (942) | 1,342 | - |
| Chrysler Group ¹⁾ | 544 | 521 | + 4 % | 796 | 824 | - 3 % |
| Commercial Vehicles | 524 | 468 | + 12 % | 1,238 | 736 | + 68 % |
| Financial Services | 385 | 472 | - 18 % | 713 | 693 | + 3 % |
| Other Activities | 144 | 85 | + 69 % | 363 | 219 | + 66 % |

| Revenues by Divisions in millions of € | Q2 2005 | Q2 2004 | Change 05:04 | YTD 2005 | YTD 2004 | Change 05:04 |
|---|------------|------------|-----------------|-------------|-------------|-----------------|
| Mercedes Car Group | 12,472 | 12,977 | - 4 % | 22,855 | 24,651 | - 7 % |
| Chrysler Group | 13,030 | 13,206 | - 1 % | 23,765 | 25,266 | - 6 % |
| Commercial Vehicles | 10,647 | 8,963 | + 19 % | 19,161 | 15,575 | + 23 % |
| Financial Services | 3,812 | 3,463 | + 10 % | 7,379 | 6,835 | + 8 % |
| Other Activities | 547 | 471 | + 16 % | 988 | 858 | + 15 % |

| Unit Sales | Q2 2005 | Q2 2004 | Change 05:04 | YTD 2005 | YTD 2004 | Change 05:04 |
|-----------------------|------------|------------|-----------------|-------------|-------------|-----------------|
| DaimlerChrysler Group | 1,335,100 | 1,281,200 | + 4 % | 2,423,400 | 2,354,200 | + 3 % |
| Mercedes Car Group | 308,100 | 319,400 | - 4 % | 555,000 | 585,300 | - 5 % |
| Chrysler Group | 812,200 | 781,400 | + 4 % | 1,478,900 | 1,466,200 | + 1 % |
| Commercial Vehicles | 221,600 | 184,900 | + 20 % | 401,000 | 310,700 | + 29 % |

1) Figures for Q1/2004 and Q2/2004 have been adjusted retroactively for effects resulting from the first time application of the Medicare Act in the US.