

## **Position of the management on the counter-motions for the 2007 Annual Meeting**

The Board of Management and the Supervisory Board maintain their motions as laid down in the Agenda and state their position on the counter-motions as follows:

### DaimlerChrysler strategy

DaimlerChrysler's strategic goal is to achieve sustained profitable growth and thus to increase our enterprise value. In the medium term, we intend to become one of the most successful automobile manufacturers in the world. We made considerable progress towards these goals in the year 2006 at the Mercedes Car Group, the Truck Group and Financial Services. The fact that we are now examining new strategic options for the future of the Chrysler Group is a necessary process to safeguard the future, particularly against the backdrop of the changed competitive environment in the United States.

### Situation of the Chrysler Group

During the previous years, the Chrysler Group has worked hard to comprehensively renew its product range and to focus on more fuel efficient and economical vehicles. Following ten vehicle introductions in 2006 including a number of especially fuel efficient products, the product offensive will continue through 2009 with more than 20 new and 13 refreshed models. This product offensive will be accompanied by far-reaching actions to improve efficiency, productivity and quality. The Recovery and Transformation Plan that we presented in February 2007 concentrates and intensifies these actions with the framework of a comprehensive overall concept for a sustained improvement in profitability. The program comprises a combination of revenue-raising and cost-cutting measures. In the long term, the business model is to be focused on an expanded global presence and a change in the product mix in favor of smaller vehicles with lower fuel consumption. Cost advantages and additional growth potential are to be utilized by increasing the number of alliances and joint ventures. In order to support and accelerate the Recovery and Transformation Plan, we are looking into further strategic options with partners beyond the existing business cooperation partners. In this regard, we do not exclude any option.

### Environment and climate protection

The intensive research and development work of DaimlerChrysler includes promising alternative drive concepts in order to achieve further reductions in fuel consumption and emissions. In addition to further developed gasoline and diesel engines, hybrid and fuel-cell technology are integral components of our drive-system strategy.

In the coming years, we intend to make the internal-combustion engine more efficient, cleaner and more economical so that we can achieve further reductions in emissions, especially of carbon dioxide. Our goal is to make gasoline engines as efficient as diesel engines and diesel engines as clean as gasoline engines. A logical step in this direction was the presentation of the world's first gasoline engine with piezo fuel injectors and jet-guided direct injection in the CLS Class at the beginning of 2006. This saves 10% fuel compared with engines with conventional injection. And with BLUETEC, first for commercial vehicles and now also for passenger cars, we have launched a technology package that reduces all the relevant components of diesel emissions to an extremely low level. In addition, we are working hard on possible applications of alternative fuels such as natural gas, biodiesel and bioethanol.

We have already made considerable progress with the reduction of our overall fleet consumption in recent years: Despite rising customer demands in terms of performance, safety and emissions, between 1990 and 2006 we reduced the fleet consumption of our cars in Germany by 30%. This is more than many other manufacturers achieved.

As the world's first automotive brand, since the summer of 2005 Mercedes-Benz has fitted all of its diesel passenger cars from the A-Class to the S-Class and including the Viano – in total 49 models at present – with diesel-particulate filters in markets where there is a demand for this technology. The innovative particulate filter system developed by Mercedes-Benz is the first system in the world to work without the use of additives, and features a long lifetime, everyday reliability and the usual diesel economy.

With the development of the new smart fortwo, a key focus was on minimizing carbon-dioxide emissions. The new smart fortwo cdi is the car with the lowest CO<sub>2</sub> emissions in the world – just 88 grams per 100 kilometers.

### Quality at Mercedes-Benz Passenger Cars

At Mercedes-Benz, we are working with top priority on improving quality along the entire value chain. Our focus is not solely on enhancing quality in the development and production stages, but also on the collaboration with our suppliers and the quality of our services in the areas of sales and aftersales. Because we can only improve customer satisfaction by adopting a holistic approach to the issue of quality. The success we have already achieved on quality is reflected not only in our internal quality studies, but also in a large number of external surveys. On the basis of our early indicators, we anticipate further improvements in quality in the future. Our mid-term goal is to be the world's Number 1 on quality.

### Workforce and Employment

In order to secure the competitiveness of DaimlerChrysler over the long term, we are implementing efficiency-enhancing programs throughout the Group. These include the new management model for all administrative areas, the CORE program at the Mercedes Car Group, and the Recovery and Transformation Plan at the Chrysler Group, which we presented in February 2007. In this context, it is inevitable that we will have to adjust staffing levels to reflect the development of productivity and unit sales.

Diversity management is a key strategic initiative at DaimlerChrysler. As a globally active corporation, we are well aware of the benefits of a workforce from diverse backgrounds. Product innovation, market orientation and a successful position in the competitive environment are continually facilitated by collaboration between people with the most varied talents and naturally also of both genders.

A key element of our diversity management is the advancement of women at all levels, especially in management positions. For this reason, we have taken action in the following four areas: human-resources development, change management, human-resources policy and profession and family. We are carrying out mentoring programs for women with high priority, enhancing the knowledge and sensitivity of all executives in diversity workshops, and further expanding the possibilities for flexible working routines. Furthermore, in the coming years we will have pre-school care for an additional 300-350 young children at our German sites. We have defined a target corridor running until the year 2010 for the proportion of women at all management levels.

### Management compensation in the form of stock options

Within the framework of the management compensation system, we aim to reward our senior executives commensurately for their areas of activity and responsibilities in line with comparable international companies. At the same time, DaimlerChrysler's success and the individual executives' performance are to be reflected through a high degree of variability. Therefore, the management's compensation also includes a stock-based component with a long-term incentive effect.

As a part of the further development of stock-based compensation, we replaced the Stock Option Plan with an element of compensation that is related not only to the share price, but also to the development of other key figures. The Performance Phantom Share Plan is based on the principles of performance, competitiveness and share ownership, and thus takes into consideration all of the relevant criteria recommended in national and international corporate governance codes.

A detailed description of this model can be found on pages 120 ff of the current Annual Report.

### Election of a new member to the Supervisory Board

A proposal will be made to the Annual Meeting that Prof. Dr. Clemens Börsig (58) – at present Chairman of the Supervisory Board of Deutsche Bank – should be elected as a member of the Supervisory Board representing the shareholders for a period of five years.

Prof. Dr. Börsig not only fulfills all of the requirements of applicable law and of our Memorandum and Articles of Incorporation: With the experience he has gained in various sectors, including membership of several management boards and committees in the automotive supply industry and in the energy sector, as well as his expertise gained in other supervisory boards and committees and in particular in the field of finance and controlling, Prof. Dr. Börsig is extremely well qualified for this position, also with regard to national and international corporate governance requirements.

### Protection of animals

The values that DaimlerChrysler unreservedly supports include the protection and humane treatment of animals. At several previous annual meetings, we have stated that DaimlerChrysler AG supports neither rodeos nor dog-sled racing. But we cannot rule out the possibility that individual dealers who sell our brands might be involved in such events.

### Defense technology

Questions on defense technology have been answered completely and in detail at previous annual meetings. Although none of the relevant facts have changed, the same false accusations have been repeated year after year.

The Board of Management and the Supervisory Board intend to make more detailed statements on the individual counter-motions at the Annual Meeting on April 4, 2007.

Stuttgart, March 2007

DaimlerChrysler AG