

## Investor Relations Release

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### **Dieter Zetsche confirms talks with potential partners regarding the Chrysler Group**

- **Approximately 8,000 shareholders expected at the Annual Meeting in Berlin**
- **Commitment to sustainable mobility**
- **Shareholders to decide on unchanged dividend of €1.50 per share**

Berlin – Dr. Dieter Zetsche, the Chairman of the Board of Management of DaimlerChrysler AG (stock exchange abbreviation: DCX), has confirmed for the first time that discussions have taken place with interested parties regarding future options for the Chrysler Group. "In this context, I can confirm that we are talking with some of the potential partners who have shown a clear interest", Zetsche is quoted as saying in the text of the speech he will deliver at the Annual Meeting 2007 in Berlin today. However, Zetsche continued, "But it is also true that we need to keep all options open, and that I cannot disclose any details, because we need to have the maximum scope for maneuver." The company's management requires "the greatest possible flexibility so that we can identify and then professionally implement the best possible solution."

The basic requirement with all options is that the Recovery and Transformation plan, presented in February, is consistently implemented, which will lead Chrysler back to profitability. DaimlerChrysler has defined clear criteria for the decision-making process. The company wants to

- enhance DaimlerChrysler's financial strength in a sustainable way and increase enterprise value;
- create the right conditions for a clear strategic focus for DaimlerChrysler;
- make the Chrysler Group's business system competitive and profitable on a sustainable basis;
- find the best possible option for the employees.

"This means, that after reviewing all options, we will finally decide for the option that best meets our criteria", Zetsche is quoted in the text of the speech, adding: "So far, I am satisfied with the process. Everything is going according to plan."

## Sustainable mobility

In light of the recent discussion on climate protection, the DaimlerChrysler Chairman gave a clear commitment on sustainable mobility: "For us at DaimlerChrysler, the emission-free automobile is and remains the long-term goal of our 'roadmap' toward sustainable mobility." This roadmap has three main components:

- the consequent further improvement of combustion engines, with and without a hybrid option;
- high-quality and alternative fuels;
- emission-free driving, with the fuel cell as a long-term goal.

Since 1990, DaimlerChrysler has reduced its fleet consumption and the CO<sub>2</sub> emissions of its passenger cars in Germany by 30 percent. It has also lowered exhaust emissions by more than 70 percent and particulate emissions by more than 95 percent in some cases. The company is also pursuing a strategy "to make diesel engines as clean as gasoline engines – and gasoline engines as economical as diesels", says Zetsche. In the meantime, every fifth Mercedes vehicle can travel 100 kilometers on five liters or less. The smart cdi is the world's best-selling three-liter car, and also the world champion when it comes to low CO<sub>2</sub> emissions, emitting only 88 grams of CO<sub>2</sub> per kilometer. DaimlerChrysler believes that BLUETEC, the clean diesel technology, which reduces some emissions by up to 80 percent, can play a key role in helping to further optimize **combustion engines**. Hybrid technology also enables combustion engines to be operated more efficiently. DaimlerChrysler was already developing hybrid vehicles in the early 1990s and today has a 60 percent share of the world market for hybrid buses, making it the world market leader. "Every new vehicle we develop will be engineered to accommodate a hybrid drive train," says Zetsche.

High grade and alternative **fuel** plays a key role in ensuring that modern engines can be used effectively. Because oil reserves are finite, DaimlerChrysler is preparing its engines for use with alternative fuels as well. In addition to natural gas and bioethanol, the company is focusing on second-generation biofuels – in other words, on synthetic biomass-to-liquid fuels (BTL), which are made from straw or waste wood.

In the long term, DaimlerChrysler is committed to the **fuel cell drive**, which is not only environmentally friendly but also highly efficient. The company is a pioneer in this key technology, having presented the first-ever fuel cell vehicle back in 1994. "However, the fuel cell remains a technology of the future. There is still a long way to go", emphasizes Zetsche.

Zetsche therefore called on politicians, the oil industry and automakers to work together in order to create, for example, an appropriate legal framework, the necessary infrastructure, a hydrogen supply network, and the requisite automotive technology in order to address the many questions that remain unanswered with regard to fuel cell technology.

In 2006, DaimlerChrysler invested €5.3 billion in research and development. A large part of this was for innovations and technologies for clean and environmentally friendly vehicles, including €1.4 billion invested in Europe.

## Overview of strategic developments

Turning to the development of DaimlerChrysler, Zetsche pointed out that the company systematically analyzed its overall situation throughout 2006 and scrutinized the strategy for each division.

Implementation of the CORE program continued at the **Mercedes Car Group** in 2006. The aim in 2007, the third and final year of CORE, is to lay the foundation for the period beyond. Here the division is focusing on the introduction of its module strategy, a sharpened profile of Mercedes-Benz brand and measures that will further enhance customer satisfaction. As announced, smart is now fully integrated into the Mercedes organization and will become profitable this year. Taken together, all these measures will put the Mercedes Car Group back on top and enable it to achieve at least the seven percent Return on Sales target for 2007, as presented in 2006.

The progress the **Chrysler Group** has made in terms of productivity, cost-reducing, and quality improvement has given it a much more competitive structure than its American competitors. The model offensive at Chrysler will continue between now and 2009 with 20 more all-new vehicles and 13 refreshed models, including a series of very economical vehicles. Moreover, the Recovery and Transformation Plan is very realistic that it also gives up room to offset unforeseen market developments.

The Global Excellence Program for the **Truck Group** is boosting the productivity and worldwide integration of the division, while maintaining maximum flexibility. It is enabling the division to manage cyclical market fluctuations more effectively and to earn a Return on Sales of at least seven percent over the entire market cycle. Depending on the cycle, some years would be above, and some years would be below this target. The Truck Group expects that the Class 8 segment of the U.S. truck market will decrease by as much as 40 percent, while in Japan the downturn is expected to be about 25 percent. However, the market in Western Europe will at minimum remain stable.

The **Financial Services** division continued its positive development with its fifth consecutive record-breaking year in 2006. With regard to efficiency, the division will set a new benchmark level – while maintaining a strong focus on its customer's organization. Zetsche: "In addition to providing our automotive divisions with the best possible support, we plan to post a 14 to 20 percent Return on Equity."

Zetsche also provides the approximately 8,000 shareholders present with a detailed look at the results of 2006, in which the company generated revenues of €151.6 billion and recorded an operating profit of €5.5 billion. The DaimlerChrysler Group's net income increased by 13 percent to €3.2 billion.

Due to the continued implementation of its efficiency-boosting programs, DaimlerChrysler expects an considerable increase in profitability over the next three years. "In the medium term we aim to achieve a Return on Net Assets of at least 10 percent after taxes." A more detailed earnings forecast for the full-year 2007 will be presented to coincide with publication of the company's financial results for the first quarter on May 15, 2007.

## Proposed dividend

The Board of Management and the Supervisory Board propose to the Annual Meeting that DaimlerChrysler pay a dividend of €1.50 per share for 2006 (2005: €1.50). This corresponds to a dividend sum of €1.5 billion (2005: €1.5 billion). This recommendation takes into consideration the operating profit and cash flow development in 2006, as well as the outlook for subsequent years.

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should” and similar expressions are used to identify forward looking statements. These statements are subject to many risks and uncertainties, including an economic downturn or slow economic growth, especially in Europe or North America; changes in currency exchange rates and interest rates; introduction of competing products and possible lack of acceptance of our products or services; competitive pressures which may limit our ability to reduce sales incentives and raise prices; price increases in fuel, raw materials, and precious metals; disruption of production or delivery of new vehicles due to shortages of materials, labor strikes, or supplier insolvencies; a decline in resale prices of used vehicles; the ability of the Chrysler Group to implement successfully its Recovery and Transformation Plan; the business outlook for our Truck Group, which may experience a significant decline in demand as a result of accelerated purchases in 2006 made in advance of the effectiveness of new emission regulations; effective implementation of cost reduction and efficiency optimization programs, including our new management model; the business outlook of our equity investee EADS, including the financial effects of delays in and potentially lower volume of future aircraft deliveries; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety, the resolution of pending governmental investigations and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk Report” in this Annual Report and under the headings “Risk Factors” and “Legal Proceedings” in the Annual Report on Form 20-F filed with the Securities and Exchange Commission. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward looking statements prove incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward looking statements. Any forward looking statement speaks only as of the date on which it is made.

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