

Press Information

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DaimlerChrysler achieves target for operating profit from ongoing business in 2003

- **Group operating profit of \$7.2 billion in full-year 2003**
- **Mercedes Car Group: operating profit exceeds high prior-year level**
- **Chrysler Group: close to breakeven before restructuring expenses**
- **Commercial Vehicles: significant increase in earnings**
- **Services: strong increase in operating profit from ongoing business**
- **DaimlerChrysler will strive to achieve slight earnings improvement in 2004**

Stuttgart/Auburn Hills - DaimlerChrysler today published its consolidated financial statements and its divisions' results for the year 2003. Operating profit amounted to \$7.2 billion (2002: \$8.6 billion). As already reported at the beginning of February, this figure includes restructuring expenses of \$591 million relating to the turnaround plan at Chrysler Group that was decided on in 2001.

On the other hand, it also includes a capital gain of \$1.3 billion from the sale of the MTU Aero Engines business unit. Adjusting for these two effects, operating profit amounted to \$6.5 billion. DaimlerChrysler thus achieved its target for its ongoing business despite the very difficult market environment.

Net income amounted to \$0.6 billion (2002: \$5.9 billion, including positive special effects totaling \$1.8 billion, due to various special expenses and income, particularly from the sale of T-Systems ITS), and earnings per share were \$0.55 (2002: \$5.90). The main reasons for the reduction were the lower operating profit than in the prior year and the impairment of \$2.5 billion on DaimlerChrysler's investment in EADS which had to be recognized at the end of the third quarter in accordance with US Generally Accepted Accounting Principles (US GAAP) and the regulations of the United States Securities and Exchange Commission (SEC). However, due to the increase in the price of EADS shares, as of December 31, 2003, the fair value of our holding in EADS was \$1.8 billion higher than the reduced carrying value.

The Board of Management and the Supervisory Board will propose to the Annual Meeting to be held in Berlin on April 7, 2004 that a dividend of €1.50 per share should be distributed (2002: €1.50). The total dividend distribution would then amount to €1,519 million, as in the prior year.

Group unit sales and revenues

The unusually long and weak phase of the global economy continued in 2003, with no significant upturn in demand for automobiles. As a result of this weak demand particularly in its major markets, DaimlerChrysler sold 4.3 million passenger cars and commercial vehicles in 2003, not quite equaling the high level of the previous year (4.5 million). Group revenues decreased by 7% to \$171.9 billion due to the lower unit sales and the appreciation of the euro against the dollar. Adjusted however for currency-translation effects, revenues increased by 3%.

The workforce

At the end of the year, DaimlerChrysler employed 362,063 people (end of 2002: 365,571). As a result of the sale and deconsolidation of the MTU Aero Engines business unit, by the end of 2003 DaimlerChrysler's total workforce had decreased by some 8,400 employees. Compared with the prior year, the number of employees at Mercedes Car Group, the Commercial Vehicles division and Services increased slightly. At Chrysler Group, the number of employees continued to decrease as a result of the turnaround plan.

Investments to secure the future

In 2003, the DaimlerChrysler Group invested \$8.3 (2002: \$9.0) billion in property, plant and equipment, and \$7.0 (2002: \$7.5) billion in research and development. The decrease is exclusively related to exchange rate effects. In the planning period of 2004 through 2006, the Group aims to have total investment expenses of €38 billion.

Mercedes Car Group

The Mercedes Car Group division, which includes Mercedes-Benz, Maybach, smart, Mercedes-Benz AMG and Mercedes-Benz McLaren, strengthened its worldwide position in 2003. With a net decline in demand for passenger cars in major markets, unit sales of 1,216,900 vehicles were close to the level of the prior year (1,232,300). Due to a higher-value model mix, revenues increased by 3% to \$64.8 billion. The Mercedes Car Group generated \$3.9 billion operating profit, surpassing the prior-year result of \$3.8 billion, even though significant investment was made in the preparation of the Mercedes Car Group's second model offensive and the marketing activities for the launch of new models.

Chrysler Group

The Chrysler Group closed 2003 with an operating loss of \$637 million (2002: operating profit of \$0.8 billion). This includes restructuring expenditures of \$591 million relating to the turnaround plan announced in 2001, due for example to the sale of component operations, the closing of a foundry and additional job reductions. Adjusted for these restructuring expenses, Chrysler Group realized a slight loss of about \$47 million, nearly achieving its goal of breaking even in its ongoing business. In the second quarter, Chrysler Group had reported a substantial loss as a result of sharply increased incentives. Due primarily to continued cost-reduction measures and successful launch of several new products during the year, profits were achieved again in the third and fourth quarters. Worldwide, Chrysler Group sold 2.64 million passenger cars, minivans,

SUVs and light trucks of the Chrysler, Dodge and Jeep brands in 2003 (2002: 2.82 million). As a result of currency exchange effects, the lower unit sales and increased customer incentives, revenues decreased to \$62.1 billion (2002: \$75.8 billion). Measured in US dollars, total revenues decreased by 2%.

Commercial Vehicles

The Commercial Vehicles division succeeded in raising its unit sales by 3% to 501,000 trucks, buses and vans. DaimlerChrysler thus further strengthened its position as the world's market leader for commercial vehicles. Despite the appreciation of the euro against the US dollar, revenues of \$35.9 billion were slightly higher than in 2002. Adjusted for currency-translation effects, revenues rose by 7%. With an operating profit of \$1.1 billion (2002: operating loss of \$0.4 billion), the division's contribution to Group earnings increased substantially. The sharp improvement in earnings is primarily due to the launch of new products and the consistent implementation of efficiency-boosting programs in all business units.

Services

In the year 2003, DaimlerChrysler Services posted a substantial increase in earnings from its ongoing business, achieving an operating profit of \$1.6 billion (2002: \$3.9 billion, including a net gain of \$2.6 billion, due mainly to the sale of T-Systems ITS). The improvement in the division's operating profit is primarily related to better efficiency, higher interest-rate margins and more favorable refinancing conditions.

DaimlerChrysler Services' revenues decreased by 11% to \$17.7 billion in 2003. Adjusted for currency-translation effects, revenues were at the same level as in 2002.

Other Activities

The Other Activities segment comprises DaimlerChrysler's holdings in the European Aeronautic Defence and Space Company (EADS, 33%) and Mitsubishi Motors Corporation (MMC, 37%), as well as the Corporate Research department, the Group's real-estate activities, and its holding and finance companies. The proportionate share of the profits or losses made by EADS and MMC are included in DaimlerChrysler's operating profit with a time lag of one quarter. Until December 2003, the MTU Aero Engines business unit was also included in the Other Activities segment. Effective December 31, 2003, MTU Aero Engines was sold to Kohlberg, Kravis and Roberts & Co. Ltd., an investment company.

In 2003, the Other Activities segment generated an operating profit of \$1.6 billion (2002: \$1.1 billion). This includes the gain of \$1.3 billion realized on the sale of MTU Aero Engines. Adjusted for this capital gain, the Other Activities segment's earnings decreased, mainly due to the negative contribution from MMC and the lower profit contribution from EADS for the period of October 2002 through September 2003. Revenues fell from \$640 million to \$554 million.

Mitsubishi Motors

Today, MMC announced the results for its 3rd quarter of fiscal year 2003 and its estimate for the full fiscal year 2003, according to which its loss will be higher than previously expected. For this reason and in addition to the ongoing restructuring and Turnaround Plan announced in 2001, the management of MMC is currently working on a new mid-term business plan, which covers all operational and financial areas of the company in and outside of Japan. DaimlerChrysler AG as strategic partner and major shareholder of MMC welcomes these efforts and supports the team in setting up a new mid-term business plan. It should ensure a solid financial foundation for MMC's business, push forward with the product offensive and re-establish profitability. The plan is scheduled to be finalized and announced directly following MMC's shareholders' meeting April 30th 2004 for immediate implementation. It will also provide a solid basis for a decision on capital enhancement measures to be considered by MMC and its shareholder groups (DaimlerChrysler AG, Mitsubishi Heavy Industries Ltd., Mitsubishi Corporation, Bank of Tokyo-Mitsubishi Ltd.).

Outlook

Based on the expectations of the divisions and of EADS and MMC (which are both consolidated in the Group at equity), DaimlerChrysler is striving to achieve a slight increase in operating profit in 2004 compared to the results achieved in 2003 (excluding restructuring expenditures at the Chrysler Group and excluding the gain from the sale of MTU Aero Engines).

The company foresees significantly improved earnings in 2005 and 2006, when the new vehicles from the divisions' current product offensives will all be available. In total, DaimlerChrysler will launch some 50 new products in the years of 2004 through 2006.

(For the reader's convenience, the financial information has been translated from euros into United States dollars at an assumed rate of 1€ = \$1.2597.

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 and interest rates; introduction of competing products; increased sales incentives; 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.

Internet site

Additional information and news from DaimlerChrysler is available on the Internet at: **www.media.daimlerchrysler.com**