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SEMI-ANNUAL REPORT

Fiscal Year (2006)

From: January 1, 2006

To: June 30, 2006

DAIMLERCHRYSLER AG

(0279)

SEMI-ANNUAL REPORT

From: January 1, 2006
To: June 30, 2006

To: Director General of the Kanto Local Finance Bureau

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Notes:

- (1) In this Semi-annual Report, unless otherwise noted, the term "Company" means DaimlerChrysler AG, "we," "us," "our," "DaimlerChrysler," the "DaimlerChrysler Group" or the "Group" refers to DaimlerChrysler AG and its consolidated subsidiaries, or any one or more of them, as the context may require. "Germany" means the Federal Republic of Germany.
- (2) The term "€" or "EUR" in this Semi-annual Report, unless otherwise noted, "Euro" refers to Euro. For the convenience of the Japanese reader, conversion into Japanese Yen has been made at the exchange rate of Euro 1.00 = ¥150.51 (the means of the Telegraphic Transfer Spot Selling and Buying Exchange Rates of The Bank of Tokyo-Mitsubishi UFJ, Ltd. on August 31, 2006)*.
- (3) Where figures in tables in this Semi-annual Report have been rounded, the totals may not necessarily agree with the sum of the figures.
- (4) Unless otherwise indicated, "shares" in this document refer to ordinary shares of the Company.
- (5) 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 in section III Description of Business under "4. Risk Factors" in the Securities Report filed on June 19, 2006 and 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.

*In this translation the Euro amounts converted into Japanese Yen are omitted.

PART 1. COMPANY'S INFORMATION

I. Outline of the Legal and other Systems of the Company's Country of Incorporation

Please find below a description of changes in the Legal and other Systems of the Company's Country of Incorporation, which have occurred since the filing of the Securities Report on June 19, 2006.

1. Outline of the Corporate System, etc.

(1) Corporate System of the Federal Republic of Germany

No changes compared to those described in the Securities Report filed on June 19, 2006.

(2) The Corporate System as Provided for in the Articles of Incorporation of the Company

No changes compared to those described in sub-items A to H and J to N in "I. Outline of the Legal and other Systems of the Company's Country of Incorporation", "1. Outline of the Corporate System, etc.", "(2) The Corporate System as provided for in the Articles of Incorporation of the Company" in the Securities Report filed on June 19, 2006.

I. Change in Control

The Articles of Incorporation do not contain any specific provisions that would have an effect of delaying, deferring or preventing a change in control or that would only apply in the context of a merger, acquisition or corporate restructuring involving the company or any of its subsidiaries. The German Takeover Act (Wertpapiererwerbs- und Übernahmegesetz), as amended requires, among other things, that a bidder seeking control of a company with its corporate seat in Germany and traded on a European Union stock exchange must publish advance notice of a tender offer; submit a draft offer statement to the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) for review; and obtain certification from a qualified financial institution that adequate financing is in place to complete the offer. Once a bidder has acquired shares representing 30% of the voting power, it must make an offer for all remaining shares of the target. The Takeover Act requires the Board of Management of the target to refrain from taking any measures that may frustrate the success of the takeover offer. However, the target Board of Management is permitted to take any action which a prudent and diligent management of a company that is not the target of a takeover bid would also take. Moreover, the target Board of Management may search for other bidders and, with the prior approval of the Supervisory Board, may take other defensive measures, provided that both boards act within the parameters of their general authority under the German Stock Corporation Act. The Board of Management may also adopt specific defensive measures if the Supervisory Board has approved such measures and if the measures were specifically authorized by the shareholders no later than 18 months in advance of a takeover bid by resolution of 75% of the votes cast.

The Takeover Act was amended in July 2006 to provide that a company's articles of incorporation may be amended to replace the above rules on prohibiting the frustration of tender offers with more restrictive rules. The Company's Articles of Incorporation have not been amended to include any of these alternative rules.

II. Outline of the Company

1. Changes in Major Management Accounts, etc.

The following table sets out the development of major management accounts of the unaudited interim condensed consolidated financial statements of DaimlerChrysler Group. The consolidated financial statements of DaimlerChrysler have been prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP"). Our financial statements are denominated in euros, which is the currency of our home country, Germany.

DaimlerChrysler Group (amounts in millions of EUR)	1st half ended June 30			Year ended Dec. 31,	
	2006	2005	2004	2005	2004
Revenues	75,747	70,167	69,423	149,776	142,059
of which Germany	10,336	9,796	11,030	20,948	22,315
of which USA	33,367	31,531	32,617	67,015	64,232
Employees (at period-end)	368,321	388,758	383,724	382,724	384,723
Research and development expenditure	2,669	2,672	2,638	5,649	5,658
Investments in property, plant and equipment	3,180	3,081	2,996	6,580	6,386
Operating profit	2,748	2,299	3,637	5,185	5,754
Net income	2,109	1,025	989	2,846	2,466
Earnings per share (in EUR)					
basic	2.07	1.01	0.98	2.80	2.43
diluted	2.06	1.01	0.97	2.80	2.43
Cash provided by operating activities	5,788	6,969	7,645	12,353	11,060
Cash used for investing activities	(7,158)	(4,667)	(9,151)	(11,222)	(16,682)
Cash provided by (used for) financing activities	(630)	(2,886)	(1,421)	(1,513)	2,549
Cash and cash equivalents (maturing within three months)					
At beginning of period	7,619	7,381	10,767	7,381	10,767
At end of period	5,301	7,329	8,040	7,619	7,381

DaimlerChrysler Group (amounts in millions of EUR)	As of June 30			As of December 31,	
	2006	2005¹	2004¹	2005	2004
Stockholders' Equity	36,347	34,049	34,323	36,449	33,522
Total assets	195,635	197,181	189,363	201,632	182,872

1) Figures as published in the respective periods.

2. Contents of Business (as of the end of August, 2006)

The DaimlerChrysler Group operates in five business segments:

- **Mercedes Car Group**
- **Chrysler Group**
- **Truck Group**
- **Financial Services**
- **Van, Bus, Other**

Announcement of new management model. On January 24, 2006, DaimlerChrysler announced a new management model with the goal of improving the company's competitiveness to allow further profitable growth. The model is designed to continue DaimlerChrysler's integration, to focus its operations even more effectively on their core processes, and to promote collaboration within the Group. Furthermore, the duplication of activities is to be reduced.

The structural changes include the consolidation and integration of all management functions such as finance and controlling, human resources, strategy and IT. These functions will be unified and will report to the member of the Board of Management responsible for the respective function throughout the Group. Overlaps between the Group level and the operating levels will be reduced. The integration of the management functions will lead to shorter, faster and more streamlined reporting chains and decision processes, while reducing complexity at the Group.

In this context, we decided that the Commercial Vehicles division will focus on the core truck business under the name Truck Group. Buses and vans will be directly managed as independent businesses. The results of the bus and van business will be reported in the new segment "Van, Bus, Other" as of the first quarter of this year. The prior-year figures of the segments affected have been adjusted to the new structure for the sake of comparability.

As a result of eliminating duplicate activities, consolidating management functions and optimizing processes, the size of the workforce will be reduced by some 6,000 employees over the next three years. This figure represents around 20% of all positions in administrative departments worldwide. The reduction is to take place via early retirement and exit agreements with severance payments.

The total expense, mainly comprising severance payments and investments in the harmonization and standardization of processes and systems, will probably amount to approximately EUR 2 billion in the years of 2006 through 2008; the operating profit in 2006 is likely to be impacted by EUR 0.5 billion.

Decisions made on smart and EADS. At the end of March, we made decisions on additional measures to achieve profitability at smart as of the year 2007 and to secure the brand's long-term future. The measures planned include the consistent focus on the smart fortwo model, the discontinuation of the smart forfour, anchoring the smart fortwo as a long-term fixed and important component of DaimlerChrysler's product portfolio, and the complete integration of smart in the organization of Mercedes-Benz. The expenses required to finance these measures are likely to reach a magnitude of approximately EUR 1 billion; nearly all of this amount is taken into account in the earnings of the first half.

At the beginning of April, we decided to reduce our 30% equity interest in the European Aeronautic Defence and Space Company (EADS) to 22.5%. The market value of the 7.5% reduction amounts to approximately EUR 2.0 billion. The transaction is to be concluded in the period between January and April 2007 and will have a positive effect on net income of around EUR 1 billion. This sale represents a further stage in the concentration on our core automotive business. DaimlerChrysler will continue to be an important shareholder in EADS in the future, with an equity interest of at least 15%.

In March 2006, after receiving the approval of the anti-trust authorities, we concluded the sale of our off-highway activities to the Swedish financial investor, EQT, as agreed in December 2005.

3. Description of Related Companies

No material change during the six-month period ended June 30, 2006. In addition, please refer to chapter 2. Contents of Business. Further details are given in note 2 to note 4 to the Unaudited Interim Condensed Consolidated Financial Statements.

4. Description of Employees (as of June 30, 2006)

At the end of June 2006, DaimlerChrysler employed a workforce of 368,321 people worldwide (end of June 2005: 388,758). Of this total, 169,603 were employed in Germany and 97,518 in the United States (end of June 2005: 184,029 and 100,442 respectively).

The total number of employees decreased compared to June 30, 2005, primarily due to the staff-reduction measures initiated at the Mercedes Car Group at the end of September 2005 (-7%) and the sale of the off-highway business with approximately 7,000 employees. Employment levels at the Chrysler Group, Truck Group and Financial Services were also lower than at the end of June 2005.

The implementation of the new management model is running according to plan. On July 18, 2006, we reached an agreement with the Group Labor Council on the details of a settlement of interests. The organizational structures have been approved, so we have been able to work with the new management model since August 1, 2006. The majority of the planned total reduction of management positions will already be achieved by the end of 2006.

The table below provides the number of employees by segments as of June 30, 2006:

Number of Employees	As of June 30	
	2006	2005
Mercedes Car Group	98,635	106,351
Chrysler Group	83,560	85,753
Truck Group	83,922	85,994
Financial Services	10,939	11,385
Other*	91,265	99,275
DaimlerChrysler Group	368,321	388,758

* Includes the segment Van, Bus, Other and the Group's sales organization.

III. Description of Business

1. Outline of Business Results, etc.

The DaimlerChrysler Group is conducting its business activities through five business segments: Mercedes Car Group (b); Chrysler Group (c); Truck Group (d); Financial Services (e); and Van, Bus, Other (f). The following table sets forth revenues and operating profit (loss) for each of the five business segments:

	1 st half ended June 30 :			
	2006		2005	
	Revenues	Operating Profit (Loss)	Revenues	Operating Profit (Loss)
(EUR in million)				
Mercedes Car Group	25,718	129	22,855	(942)
Chrysler Group	25,033	170	23,765	796
Truck Group	15,925	977	14,860	1,108
Financial Services	8,385	870	7,379	713
Van, Bus, Other	6,562	582	6,606	511
Eliminations	(5,876)	20	(5,298)	113
Total	75,747	2,748	70,167	2,299

a) DaimlerChrysler Group

Unit Sales and Revenues

DaimlerChrysler sold 2.4 million vehicles worldwide during the first half of the year, slightly exceeding the prior year's figure (+1%). This result reflects stronger unit sales in the first quarter (+6%) of the year and a slight decrease in the second quarter (-3%).

In the first half of 2006, the Mercedes Car Group increased its unit sales by 9% to 607,000 vehicles. The Chrysler Group shipped 1,457,100 passenger cars and light trucks to its dealers during the first six months of the year (H1 2005: 1,478,900). Unit sales of the Truck Group were at 257,900 vehicles, compared to the high level of 263,600 vehicles a year ago. Mercedes-Benz Vans sold 125,300 vehicles, slightly surpassing the prior-year level despite the model changeover to the new Sprinter van, and the Bus unit booted its sales by 7% to 18,100 buses and chassis.

The Group's total revenues increased by 8% to EUR 75.7 billion for the first half. Adjusted for exchange-rate effects, the increased was 6%.

Operating Profit

DaimlerChrysler posted a half-year operating profit of EUR 2.7 billion, a sharp increase of 20% compared to the six-month period of the prior year.

The earnings improvement primarily reflects significantly improved earnings at Mercedes Car Group, further efficiency improvements at the other divisions, as well as lower risk costs, volume effects and improved earnings from its participation in Toll Collect at Financial Services. Lower earnings at Chrysler Group were mainly related to the negative net pricing development caused by intense competition in the North American market, but were also a result of a decrease in factory shipments and a higher mix of fleet vehicles in the second quarter.

Exchange-rate effects had only a slight negative effect on operating profit during the reporting period.

However, the development of the Group's earnings was significantly affected by special items in both periods, which are shown in the table below:

Special Reporting Items	1st half ended June 30	
	2006	2005
(EUR in million)		
Mercedes Car Group		
Expenses relating to staff reductions in the context of CORE	(223)	—
Restructuring expenses at smart	(995)	(1,111)
Release of provision for obligations relating to early retirement programs	91	—
Truck Group		
Settlement with Mitsubishi Motors Corporation (MMC) on Mitsubishi Fuso Truck and Bus Corporation (MFTBC)	—	276
Impairment American LaFrance	—	(24)
Release of provision for obligations relating to early retirement programs	55	—
Van, Bus, Other		
Disposal of off-highway business*	234	—
Release of provision for obligations relating to early retirement programs	20	—
Expenses relating to the new management model	(145)	—

* Including ongoing result of EUR 35 million.

Earnings in both years were negatively affected by substantial expenses relating to smart. In the first half of this year, charges of EUR 995 million were recognized as a result of the decision to discontinue the smart forfour model, while earnings in the first half of the prior year were reduced by EUR 1,111 million due to the realignment of the smart business model. In addition, the continuation of the staff-reduction program in the context of CORE at the Mercedes Car Group caused expenses of EUR 223 million.

The Truck Group's earnings for the prior-year period included exceptional income of EUR 276 million from the settlement reached with MMC, relating to charges for quality actions and recall campaigns at MFTBC, and impairments of EUR 24 million related to the sale of all the major parts of the US subsidiary American LaFrance.

In addition, the adjustment of a provision for obligations relating to early retirement programs due to the application of a new accounting standard led to income of EUR 166 million.

There was a positive effect of EUR 234 million in the first half of 2006 from DaimlerChrysler's off-highway business, which was sold to EQT, a Swedish financial investor in the first quarter of 2006. This income and expenses of EUR 145 million incurred for staff reductions in administrative functions in connection with the new management model are included in the operating profit of the Van, Bus, Other segment.

Net Income

Consolidated Statements of Income (EUR in million)	1st half	
	2006	2005
Revenues	75,747	70,167
Cost of sales	(62,910)	(57,313)
Selling, administrative and other expenses	(9,163)	(9,066)
Research and development	(2,669)	(2,672)
Other income	593	315
Income before financial income	1,598	1,431
Financial income (expense), net	785	(58)
Income before income taxes	2,383	1,373
Income tax expense	(232)	(321)
Minority interests	(38)	(27)
Income before cumulative effects of changes in accounting principles	2,113	1,025
Cumulative effects of changes in accounting principles: transition adjustments resulting from adoption of SFAS 123R	(4)	—
Net income	2,109	1,025
Earnings per share (basic)	2.07	1.01

Financial income amounted to EUR 785 million in the first half compared to a financial expense of EUR 58 million in the prior-year period. The result includes an increase of EUR 253 million in *income from investments* to EUR 292 million, primarily due to higher contributions to earnings from our investments which are accounted for using the equity method. *Net interest expense* increased from EUR 126 million to EUR 215 million, mainly as a result of unrealized losses from the mark-to-market valuation of derivative financial instruments that did not qualify for hedge accounting treatment.

Other financial income increased by EUR 679 million to EUR 708 million. This increase is primarily related to two financial transactions to hedge the price risks of EADS shares. These transactions were concluded in April 2006 for a 7.5% interest in

EADS and in July 2004 for a 2.7% interest in EADS. The contractual agreements regulating the option to sell EADS shares for certain prices starting in the year 2007 combined with the decrease in the stock-market price of EADS shares in the first six months of 2006, led to valuation gains of EUR 588 million (relating to the 7.5% interest) and EUR 168 million (relating to the 2.7% interest). Future fluctuations in the price of EADS shares will also have an effect on earnings from the mark-to-market valuation of those derivatives. In the prior-year period, other financial income was positively impacted by income from the sale of securities.

Net income was at EUR 2.1 billion for the first six months, compared to EUR 1.0 billion for the prior-year period. The mark-to-market valuation of the financial transactions to hedge the price risks of EADS shares had a positive impact on net income of approximately EUR 700 million (after taxes).

Earnings per share amounted to EUR 2.07 (H1 2005: EUR 1.01).

Cash Flow

Cash provided by operating activities of EUR 5.8 billion was lower than in the first half of 2005 (EUR 7.0 billion). The decrease was due primarily to a rise in inventory-related receivables from financial services, but also to severance payments connected with the headcount reduction at the Mercedes Car Group (EUR 0.7 billion), payments related to the realignment at smart, and higher tax payments. On the other hand, there was an increase in the cash inflow from operating activities in the financial-services business due to a higher proportion of operate-lease contracts. The development of working capital also led to higher cash provided by operating activities. Inventories and trade receivables increased at a much lower rate compared with the prior year, so negative effects from trade liabilities were more than compensated for.

Cash used for investing activities in the first half increased by EUR 2.5 billion to EUR 7.2 billion, due not only to the increase in equipment on operating leases, but also to the development of receivables from financial services provided to end customers. This was mainly a result of lower payments received on existing receivables and lower proceeds from the sale of these receivables. Although cash outflows for new financing contracts decreased, this did not compensate for the aforementioned effects. Capital expenditure for property, plant and equipment was slightly higher than in the prior-year period. Higher proceeds from the sale of businesses reduced the cash outflow for investing activities. This was mainly due to the sale of the off-highway business, which gave rise to a net cash inflow of EUR 0.8 billion. The increase in net proceeds from the sale of securities (2005: net purchases) also reduced the cash outflow for investing activities.

Cash used for financing activities amounted to EUR 0.6 billion. This was primarily the result of the dividend distribution for the year 2005, partially offset by a cash inflow from the (net) increase in financial liabilities. The main factors in the first half of last year were the dividend distribution and the (net) repayment of financial liabilities.

Cash and cash equivalents with an original maturity of three months or less at June 30, 2006 decreased by EUR 2.3 billion compared with December 31, 2005, after taking currency-translation effects into consideration. Total liquidity, which also includes deposits and marketable securities with an original maturity of more than three months, decreased from EUR 12.6 billion to EUR 9.6 billion as a result of optimized processes in the Group's liquidity management.

Financial Position

Compared with December 31, 2005, *total assets* decreased by EUR 6.0 billion to EUR 195.6 billion. After adjusting for currency-translation effects of EUR 8.9 billion, there was an increase of EUR 2.9 billion, primarily due to the expansion of the leasing and sales-financing business.

Equipment on operating leases and receivables from financial services totaled EUR 95.8 billion (December 31, 2005: EUR 95.3 billion), equivalent to 49% of total assets. An increase in the portfolio of operate-lease and sales-financing contracts was partially offset by the effects of currency translation. Inventories increased, after adjusting for exchange-rate effects. This was a result of the development of production volumes over the year, as was the increase in trade payables. The change in other assets was primarily due to an increase in the positive market values of derivative financial instruments. These financial transactions were undertaken to hedge against foreign-exchange risks and the price risks of EADS shares.

Accrued liabilities decreased, mainly due to the effects of currency translation, which also resulted in lower accrued liabilities for derivative financial instruments. There was also an impact from the utilization of accrued liabilities for product guarantees. There was a rise, however, related to the discontinuation of the smart forfour and the planned headcount reduction in the context of implementing the new management model. Accrued liabilities for sales incentives also increased. The change in financial liabilities was almost solely due to currency-translation effects. After adjusting for these effects, there was an increase resulting primarily from a higher refinancing requirement for the leasing and sales-financing business.

Stockholders' equity of EUR 36.3 billion at June 30, 2006 was almost unchanged from the level at December 31, 2005. The positive effects on stockholders' equity from net income and the valuation of derivative financial instruments (with no effect on earnings) were offset by the negative effects of currency translation and the distribution of the dividend for the year 2005.

The Group's *equity ratio* at June 30, 2006 was 18.6% (December 31, 2005: 17.3%). The equity ratio for the industrial business was 27.6% (December 31, 2005: 24.8%). The increases in the equity ratios were primarily due to the decrease in total assets and the higher net income.

Outlook for the Group (See note (5) under the Table of Contents)

DaimlerChrysler assumes that the rate of world economic expansion will slow down slightly during the second half of the year. Further rises in interest rates and the continuing burden of high raw-material prices, especially of oil, are likely to lead to weaker global growth. But due to positive economic developments in the first six months, we assume that growth in 2006 will be slightly stronger than in the prior year.

Parallel to the development of the world economy, the dynamics of global demand for automobiles will probably decrease slightly. For full-year 2006, we therefore anticipate a growth rate similar to that in 2005. Whereas automobile sales in the United States, the world's largest market, are likely to decrease slightly, demand should slightly increase in Western Europe and Japan. Car sales are expected to increase in nearly all of the larger emerging markets this year, with significant growth rates in some of those countries. Worldwide demand for commercial vehicles is likely to remain at a high level in the second half of 2006. However, risks will arise if oil and fuel prices continue to rise. We assume that competitive pressure in the automotive industry will remain intense as a result of worldwide over-capacity.

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

The Mercedes Car Group expects full-year unit sales at least as high as in 2005. We assume that unit sales by Mercedes-Benz will exceed last year's figure due to the brand's new products. Unit sales by the smart brand will be lower than in 2005. We will continue to effectively implement the CORE efficiency-improving program. We therefore anticipate further earnings improvements in the coming quarters. The Mercedes Car Group is thus on track to achieve the 7% return on sales targeted for 2007.

The Chrysler Group is facing a difficult market environment in the United States with excess inventory, non-competitive legacy costs for employees and retirees, continuing high fuel prices and a stronger shift in demand toward smaller vehicles. At the same time, key competitors have further increased margin and volume pressures – particularly on light trucks – by making significant price concessions. In addition, increased interest rates caused higher sales & marketing expenses. Chrysler Group will take additional production cuts in the third and fourth quarters to reduce dealer inventories and make way for its current product offensive. The division will launch a total of ten new models this year, although a large number of them will not be available at dealerships until the second half of the year. The Chrysler Group will continue to implement its activities to improve productivity, quality and customer satisfaction. The division anticipates a third-quarter operating loss of EUR 1.2 billion. We then strive to achieve positive earnings once again in the fourth quarter as a result of the new models to be launched in the second half of the year. For full-year 2006, the Chrysler Group plans for an operating loss of approximately €1 billion.

The Truck Group assumes that full-year unit sales will remain stable. A high level of earnings should continue to be achieved, due not least to the efficiency improvements resulting from the Global Excellence program. There will be a positive impact on demand for trucks from upcoming stricter emission regulations planned in our core

markets of Europe, the United States and Japan. The Truck Group is very well prepared for these changes, not least due to its innovation leadership in Bluetec diesel technology.

The Financial Services division anticipates a continuation of its stable business and earnings development during the second half of the year. However, rising interest rates will be a challenge. We intend to further improve our competitive position as a result of optimized processes, enhanced efficiency, comprehensive market coverage and even closer cooperation with the vehicle divisions and their dealerships.

The Vans unit expects lower unit sales than in 2005 due to the Sprinter model change. Unit sales of *buses* are likely to exceed the high level of the prior year. EADS continues to plan for a stable market for civil aircraft in the year 2006; Airbus deliveries are expected to increase again compared with the prior year.

The DaimlerChrysler Group anticipates a slight increase in revenues in full-year 2006 (2005: EUR 149.8 billion).

Due to the implementation of the staff-reduction program, the number of persons employed by the Group will continue to decrease until the end of this year.

For full-year 2006, DaimlerChrysler anticipates an operating profit in the magnitude of EUR 5 billion. This figure includes charges for the implementation of the new management model (EUR 0.5 billion), the focus on the smart fortwo (EUR 1 billion), the staff reductions at the Mercedes Car Group (EUR 0.4 billion), as well as gains on the disposal of the off-highway business (EUR 0.2 billion), on the sale of real estate no longer required for operating purposes (EUR 0.1 billion) and the release of provisions for retirement-pension obligations (EUR 0.2 billion). In its half-year report, EADS indicated that the review of the Airbus program could lead to a reduction of earnings. DaimlerChrysler's updated earnings forecast does not yet include these potential effects on its earnings.

b) Mercedes Car Group

Amounts in millions	1st half 2006 EUR	1st half 2005 EUR	% change
Operating Profit (Loss)	129	(942)	—
Revenues	25,718	22,855	+13
Unit Sales	606,959	555,049	+9
Production	629,883	603,602	+4
Employees (June 30)	98,635	106,351	-7

Sales and Revenues

The *Mercedes Car Group* sold 607,000 vehicles in the first six months of the year, surpassing the figure for the first half of 2005 by 9%. Revenues increased by 13% to EUR 25.7 billion.

Outside Germany, the Mercedes Car Group increased its unit sales by 13% to 440,400 units in the first half. In Germany, 166,600 vehicles were sold (H1 2005: 164,700).

Unit sales of the *Mercedes-Benz brand* increased by 11% to 546,200 vehicles in the first half. In particular, the new M-Class and the B-Class contributed to this growth, selling 53,600 and 64,900 units respectively. Following its successful start in Europe and Asia, the new S-Class has been available in the United States since February. With an increase in unit sales of 83% in the first half, the S-Class sedans set a new record level. 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 18,200 vehicles. Unit sales of the C-Class and the E-Class decreased for model-lifecycle reasons. The launch of the new-generation E-Class already led to very positive sales stimulus in June, and this effect is expected to grow in the coming months.

The Mercedes-Benz GL-Class had its world debut at this year's Detroit Motor Show. This all-new premium-class sport utility vehicle was launched in the United States in May and will be launched in Europe as of September 2006. In March, we launched the revised version of the SL roadster. In June, we presented to the press the CL-Class, the new S-Class coupe, which will be delivered to customers beginning in September.

Worldwide unit sales by *smart* amounted to 60,700 vehicles – similar to the figure for the first six months of the prior-year. The smart fortwo model continued to defend its position, posting 5% growth in unit sales.

Operating Profit

For the first six months of the year, the Mercedes Car Group reported an operating profit of EUR 129 million, a substantial improvement compared to the operating loss of EUR 942 million in the prior-year period. The increase was caused by the division's higher unit sales (+51,900 vehicles) and an improved model mix resulting in particular from the launch of the new S-Class, M-Class and R-Class. Within the framework of the CORE program, additional important efficiency-improving actions were implemented, which also had a significant positive effect on earnings.

The planned discontinuation of the smart forfour resulted in expenses totaling EUR 995 million, primarily related to provisions for compensation payments to contractual partners and the valuation of vehicle inventories. In the prior-year first half, charges of EUR 1,111 million were recognized for the realignment of the smart business model. The staff reductions planned at Mercedes-Benz Passenger Cars in the context of the CORE program led to expenses of EUR 223 million.

Measures to Enhance Profitability

The CORE program. The measures taken within the context of the CORE program are progressing according to schedule and significantly improving the efficiency of our operations. The program is now focused on the implementation of structural actions with potential for the years 2006, 2007 and beyond. CORE examines the Mercedes Car Group's entire value chain and develops it further – to make processes leaner and faster,

to reduce costs and to continue improving quality. In the context of the staff-reduction program, more than 8,300 employees had signed voluntary severance agreements or had taken advantage of early retirement by the end of June.

Focusing the smart brand on the smart fortwo. 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. We will launch the successor model to the smart fortwo in Europe next year. At the end of June, the company announced that the successor to the smart fortwo is intended to be launched in the United States in 2008. smart plans to cooperate with the UnitedAuto Group in this respect.

As part of the further development of the smart business model, an agreement was reached with MMC on the termination of smart forfour production. Negotiations were quickly completed on a social plan and settlement of interests for the employees affected by those measures.

c) Chrysler Group

Amounts in millions	1st half 2006 EUR	1st half 2005 EUR	% change
Operating Profit	170	796	-79
Revenues	25,033	23,765	+5
Unit Sales	1,457,103	1,478,909	-1
Production	1,415,083	1,464,666	-3
Employees (June 30)	83,560	85,753	-3

Sales and Revenues

The Chrysler Group's worldwide retail and fleet sales in the first six months of 2006 totaled 1,404,200 units, a decrease of 3% compared with the prior-year period. The Dodge Charger (64,100 units), and the Dodge Caliber (56,900 units) each showed strong sales. However, decreased sales of Chrysler Group minivans (-5%), the Dodge Ram pickup (-3%), Jeep® Grand Cherokee (-23%) and Dodge Durango (-35%) contributed to a decrease in market share in the United States and Canada to 13.2%, compared with 13.6% in the prior-year period.

As a result of lower sales, factory shipments decreased to 1,457,100 vehicles (H1 2005: 1,478,900 vehicles). U.S. dealer inventories increased to 648,600 vehicles (end of June 2005: 632,400 vehicles), equivalent to 91 days' supply (end of June 2005: 75 days' supply).

Revenues of EUR 25.0 billion were 5% higher than the figure for the first half of the prior year, reflecting a very strong first quarter (+17%) and a weaker second quarter (-4%). Measured in U.S. dollars, the increase was 1%.

The Chrysler Group started production of the all-new Dodge Caliber compact car in the first quarter of 2006. Production of the all-new Jeep® Compass commenced in June 2006. Both products are assembled at our plant in Belvidere, Illinois, where production can be quickly and automatically switched between up to four different models, depending on demand. The first Jeep® Compass were shipped to dealers in the U.S. during July. This model expands the Jeep® lineup into the high-growth compact-SUV segment. Along with the Dodge Caliber, the Jeep® Compass uses the new fuel-efficient four-cylinder World Engine. The Chrysler Group will expand its product range with the launch of eight new models in the second half of the year.

Operating Profit

For the first six months of the year, the Chrysler Group posted an operating profit of EUR 170 million, compared with an operating profit of EUR 796 million in the first half of 2005.

The decrease in operating profit was primarily the result of negative net pricing, a higher mix of fleet vehicles and a decrease in worldwide factory shipments in the second quarter.

Productivity and Quality Improvements

The Chrysler Group improved its overall manufacturing productivity by 6% in 2005 and 24% over the last four years, according to the Harbour Report North America 2006, which was published in June. These improvements were the largest of all automakers for the two periods. While the Chrysler Group's assembly and engine-plant productivity were the most improved among all automakers last year, its transmission plants were the most productive in the industry for the second consecutive year.

The Chrysler Group also scored well in J. D. Power's 2006 Initial Quality Survey. The Chrysler brand placed fifth for the lowest number of malfunctions and tenth in the overall ranking of highest-quality brands. The Chrysler Town & Country and Dodge Caravan minivans placed first and third, respectively, in the Van category, and the Windsor Assembly Plant in Ontario, Canada, tied for second place (Silver Award Winner) in the Assembly Plant category.

d) **Truck Group**

Amounts in millions	1st half 2006	1st half 2005	% change
	EUR	EUR	
Operating Profit	977	1,108	-12
Revenues	15,925	14,860	+7
Unit Sales	257,903	263,579	-2
Production	256,489	274,712	-7
Employees (June 30)	83,922	85,994	-2

The newly created Truck Group division focuses on the worldwide truck business. This enables us to implement the Global Excellence program 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.

Unit sales and Revenues

Unit sales by the Truck Group of 257,900 units were slightly lower than in the prior-year period (H1 2005: 263,600), while revenues climbed from EUR 14.9 billion to EUR 15.9 billion.

Trucks Europe/Latin America. Sales of 66,600 units by Trucks Europe/Latin America were 8% lower than in the first half of 2005. Sales of trucks in Western Europe developed positively (36,100 units, +3%); growth in Germany was actually 5%. This was due to ongoing positive demand and purchases brought forward because of the imminent introduction of Euro-4 emission limits but also a result of the success of the Actros, Atego and Axor series, which are offered with the new BlueTec technology. There was a negative impact from lower sales in the Near- and Middle East, and in Brazil.

Trucks NAFTA. Unit sales by Trucks NAFTA increased by 2% to 103,700 units. This was primarily a result of positive developments in the segment of heavy-duty trucks benefiting our Freightliner and Western Star brands. The high demand was mainly caused by purchases brought forward because of the upcoming emission standard EPA07.

Fuso. Fuso posted unit sales of 88,400 vehicles (H1 2005: 89,200). The increase in Japan (+12%) was offset by a decrease in unit sales in other markets (-7%), which was primarily caused by a sharp drop in demand in the Indonesian market. Growth in Japan was a result of the upcoming introduction of new emission regulations.

Operating Profit

In the first six months of 2006, the Truck Group generated operating profit of EUR 977 million, compared to EUR 1,108 million in the prior year. The prior-year figure included income of EUR 276 million from the settlement agreement reached with MMC related to the expenses incurred for quality actions and recall campaigns at MFTBC, and impairments of EUR 24 million related to the sale of all the major parts of the US subsidiary American LaFrance.

An improved model mix as well as the efficiency-improving measures resulting from the Global Excellence program more than offset higher expenses for new vehicle projects and the fulfillment of future emission regulations. The adjustment of the provision for early retirement obligations due to the application of a new accounting standard led to income of EUR 55 million in the first half.

Further Integration and Process Optimization

Refinement of development and production network. In order to make better use of synergies as early as the product-creation phase and to facilitate even more harmonization of parts and components, the Truck Product Creation department will be split into two dynamic parts as of August 1, 2006. Vehicle-development activities will be bundled in the Truck Product Engineering department, which will be comprised of

the three vehicle development centers in Stuttgart, Portland and Kawasaki as well as the integrated development of engines, transmissions and axles. Production of these components and production planning for the vehicle and main component plants will be put together in the Truck Powertrain Operations & Manufacturing Engineering department.

Integration of Fuso dealers. 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, allowing a homogenous market image.

Important Product Launches

At the beginning of the year, the new Sterling 360 truck was launched in North America. The Sterling 360 is based on Mitsubishi Fuso's Canter series and is produced in Kawasaki, Japan. This is a further example of realizing synergy effects through the close cooperation within the Truck Group.

In May, we started production of the new Mitsubishi Fuso Canter with eco-hybrid technology. The vehicle was presented and launched in Tokyo at the beginning of July. This light truck has the benefits of being very environmentally friendly, highly economical and easy to operate.

e) **Financial Services**

Amounts in millions	1st half 2006	1st half 2005	% change
	EUR	EUR	
Operating Profit	870	713	+22
Revenues	8,385	7,379	+14
Contract Volume	115,270	114,228	+1
New Business	27,816	24,898	+12
Employees (June 30)	10,939	11,385	-4

Contract Volume & New Business

The Financial Services division continued its positive development in the first six months of 2006. New business of EUR 27.8 billion was 12% higher than in the first half of 2005. Contract volume increased slightly by 1% to EUR 115.3 billion; the increase amounted to 4% after adjusting for the effects of currency translation.

Contract volume of EUR 83.8 billion in the *Americas region (North and South America)* was of the same magnitude as a year earlier. Adjusted for exchange-rate effects, the increase amounted to 4%. The growth was primarily due to very positive developments in North America, but also to improved economic conditions in the markets of Central and South America, particularly in financial services for commercial vehicles, especially in Mexico and Brazil.

In order to support the sales of the Chrysler, Jeep® and Dodge brands, Chrysler Financial took measures to enhance customer loyalty and strengthened its remarketing activities. Mercedes-Benz Financial succeeded in expanding its business volume as a result of a joint leasing strategy with Mercedes-Benz USA featuring integrated marketing activities and particularly attractive leasing rates for selected models. Truck Financial increased its contract volume with the use of targeted sale-promotion programs implemented together with Freightliner, while profiting from the continuation of its favorable risk structure. For example, we succeeded in concluding a sale of 1,200 Freightliner trucks to a major fleet operator as a result of particularly close collaboration with Freightliner and individually tailored leasing conditions.

Contract volume of EUR 31.4 billion in the region of *Europe, Africa, and Asia/Pacific* exceeded the level of the prior-year period by 3%. In Japan, the Fuso Financial Services unit expanded its sales support for commercial vehicles. To support the sales of Mercedes-Benz products in Japan, we also added dealer inventory financing to our range of products at the beginning of the year. In China, Daimler-Chrysler Automotive Finance (China) Ltd. now provides vehicle financing for end-customers in four major conurbations.

In Europe, we have taken measures to ensure that we are well prepared for even more intense competition. The prime aims of these initiatives are to improve risk management, harmonize processes and systems, and optimize our market penetration. In Germany, DaimlerChrysler Bank's contract volume increased by 6% to EUR 15.5 billion. DaimlerChrysler Bank passed the mark of one million customers in May, thus more than doubling the size of its customer base since it entered the direct banking business in July 2002.

Operating Profit

The Financial Services division increased its first-half operating profit from EUR 713 million to EUR 870 million. This increase in earnings was aided by the increased volume of business, lower risk costs and the positive earnings trend at Toll Collect. These effects more than offset the negative impact from the higher level of interest rates.

f) **Van, Bus, Other**

Amounts in millions	1st half 2006	1st half 2005	% change
	EUR	EUR	
Operating Profit	582	511	+14
Revenues Segment	6,562	6,606	-1
Revenues Vans	4,092	3,802	+8
Revenues Buses	1,880	1,651	+14
Unit Sales Vans	125,298	123,889	+1
Unit Sales Buses	18,135	16,918	+7

The new segment of Van, Bus, Other comprises the units Vans and Buses, our equity interest in the European Aeronautic Defence and Space Company (EADS), the Corporate Research area, our real-estate activities and the holding and finance companies. In the year 2005, the Vans and Buses units were included in the Commercial Vehicles division. The figures for the prior-year period have therefore been adjusted for comparability. The sale of the DaimlerChrysler Off-Highway business to EQT, a Swedish financial investor, was completed in March 2006. Our proportionate share of the operating profit of EADS is included in DaimlerChrysler's operating profit with a time lag of one quarter.

Operating Profit

The operating profit reported by the Van, Bus, Other segment increased to EUR 582 million, compared with EUR 511 million in the first half of last year.

The result includes income of EUR 234 million from the disposal of DaimlerChrysler's off-highway business. The sale to EQT was agreed upon in December 2005 and was completed in the first quarter after receiving the approval of the antitrust authorities.

Vans and Buses made a positive contribution to the segment's operating profit. The operating profit of the vans business was affected by a pleasing development of unit sales and by expenses for the launch of the new Sprinter generation. The bus business improved its result due to higher unit sales and further efficiency improvements.

The contribution to earnings from EADS also increased, mainly due to higher Airbus deliveries, to EUR 431 million from EUR 386 million in the six months period of the prior year.

Vans

The Mercedes-Benz Vans unit sold 125,300 vehicles worldwide in the first six months of 2006, slightly exceeding the level of the prior year. Revenues increased by 8% to EUR 4.1 billion.

In the first half of the year, unit sales rise 1% primarily due to a substantial increase in worldwide demand for the Vito and Viano models. Sales in the mid-size segment improved by 5,900 units (+15%) compared to prior year. Contrary, unit sales of the Vaneo decreased significantly by 3,900 units (-88%) after the stop of production in 2005. Sprinter unit sales decreased slightly by 700 units (-1%) mainly reflecting the launch of the new Sprinter model in April and May in Western Europe, and related production restrictions in the Düsseldorf and Ludwigsfelde plants.

Buses

Worldwide sales of buses and chassis by the brands Mercedes-Benz, Setra and Orion increased by 7% to 18,100 units in the first half of the year. Revenues increased stronger from EUR 1.7 billion to EUR 1.9 billion.

Unit sales were especially strong in Europe, where growth was recorded for city buses as a result of several major orders, as well as for chassis. Unit sales of coaches and inter-city buses decreased slightly, however. In addition to Europe, unit sales increased primarily in Latin America, especially in Brazil and Argentina.

EADS

In the first half of 2006, Airbus delivered 219 aircraft to its customers (H1 2005: 189) and received orders for a total of 117 aircraft (H1 2005: 276). At June 30, 2006, Airbus had an order backlog of 2,055 aircraft.

In March, the new Airbus A380 completed its one-thousandth test flight hour. The evacuation test also went extremely well. However, in June Airbus presented a revised schedule for A380 deliveries in the years 2006 through 2009. Deliveries had to be postponed by six to seven months for production-related reasons. Nonetheless, the goal of delivering the first A380 before the end of this year will be achieved.

The Spanish Ministry for the Interior announced its intention to purchase 48 helicopters of the type EC 135 for its police forces. In June, the U.S. Defense Ministry selected EADS for the Light Utility Helicopter program. The program covers up to 322 helicopters of the type UH-145.

In the space business, EADS received an order to develop and build the first four navigation satellites and a part of the ground-based infrastructure for the new European satellite navigation system, Galileo, and also to test this subsystem.

2. Results of Production, Orders Received and Sales

Unit sales and revenues have already been discussed under “III. Description of Business, 1. Outline of Business Results, etc.” Therefore, the tables below just show the unit sales by regions and the total number of production for each of the automotive segments.

Mercedes Car Group

	1 st half 2006	1 st half 2005	% change
Western Europe	389,857	359,374	+8
Germany	166,567	164,694	+1
USA	113,373	103,872	+9
Japan	24,755	22,321	+11
Other markets	78,974	69,482	+14
Unit Sales	606,959	555,049	+9
Production	629,883	603,602	+4

Chrysler Group

	1 st half 2006	1 st half 2005	% change
NAFTA	1,356,732	1,394,822	-3
USA	1,182,949	1,220,324	-3
Other markets	100,371	84,087	+19
Unit Sales	1,457,103	1,478,909	-1
Production	1,415,083	1,464,666	-3

Truck Group

	1 st half 2006	1 st half 2005	% change
Western Europe	53,450	47,505	+13
Germany	30,156	25,855	+17
USA	80,551	81,421	-1
South America	19,500	18,443	+6
Asia	65,603	82,265	-20
Other markets	38,799	33,945	+14
Unit Sales	257,903	263,579	-2
Production	256,489	274,712	-7

3. Matters to be Dealt with

The material contracts, agreements, business developments and competition are described under:

- “2. Contents of Business” in “II. Outline of Business”,
- “5. Activities on Research and Development” in III. Description of Business.

Furthermore, the automotive industry is subject to extensive government regulation. Laws in various countries regulate the emission levels, fuel economy, noise, and safety of vehicles, as well as the levels of pollutants generated by the plants that produce them. These regulations often impose substantial testing and certification requirements. The cost of complying with these regulations can be significant, and we expect to incur significant compliance costs in the future. We recognize, however, that leadership in environmental protection is an increasingly important competitive factor in the marketplace.

For a full description of risk factors influencing the Group’s business development, please refer to section “III. Description of Business” subsection “4. Risk Factors” of the Securities Report filed on June 19, 2006 and consider note 5 of the Table of Contents of this document.

4. Material Contracts Relating to Business

Not applicable. In addition, please read note 2, note 3 and note 4 to the Unaudited Interim Condensed Consolidated Financial Statements.

5. Activities on Research and Development

In the first half of 2006, DaimlerChrysler spent a total of EUR 2.7 billion on research and development, including research activities at the corporate level (H1 2005: EUR 2.7 billion). Research and development costs reached 3.5% of the Group’s total revenues.

The Group’s activities on research and development did not change material, compared to those described in the Securities Report filed on June 19, 2006.

IV. Conditions of Facilities

1. Conditions of Major Facilities

No material change during the six-month period ended June 30, 2006.

2. Plans for Installation and Removal of Facilities

No material change during the six-month period ended June 30, 2006. However, to be able to react quickly to fluctuations in demand, over the coming years and as part of the efficiency-improvement programs at the Mercedes Car Group, the Chrysler Group and the Truck Group, the automotive divisions will further improve its manufacturing flexibility and modernize its production equipment.

V. Description of the Company

1. Description of Shares, Etc.

(1) Total Number of Shares, Etc.

<u>(i) Authorized number of Shares:</u>	1,634,474,140	
Issued and outstanding Shares: (as of June 30, 2006)	1,022,349,481	
Shares not yet issued:	612,124,659	
	192,307,692	(authorized capital I)
	192,307,692	(authorized capital II)
	10,000,000	(authorized capital III)
	115,384,615	(conditional capital I)
	86,474,710	(conditional capital II)
	15,649,950	(residually conditional capital III)

Authorized Capital I: The Board of Management is authorized to increase the capital stock of the corporation through April 8, 2008 by a total of EUR 500,000,000.00, in one lump sum or by separate partial increases at different times, upon the approval of the Supervisory Board, by issuing new, no par value registered shares in exchange for cash contributions.

Authorized Capital II: The Board of Management is authorized to increase the capital stock of the corporation through April 8, 2008 by a total of EUR 500,000,000.00, in one lump sum or by separate partial increases at different times, upon the approval of the Supervisory Board, by issuing new, no par value registered shares in exchange for non-cash contributions.

Authorized Capital III: The Board of Management is authorized to increase the capital stock of the corporation through April 8, 2008 by a total of EUR 26,000,000.00, in one lump sum or by separate partial increases at different times, upon the approval of the Supervisory Board, by issuing new, no par value registered shares in exchange for cash or non-cash contributions in order to issue the new shares to employees of DaimlerChrysler AG and its subsidiaries. The shares to be issued to employees of DaimlerChrysler AG and its subsidiaries may also be procured as part of securities lending, and the new shares may be used to fulfill the obligations arising from this securities lending.

Conditional Capital I: The capital stock of the corporation shall be conditionally increased by an amount not to exceed EUR 300,000,000.00. The conditional capital increase shall be undertaken only to the extent that

- a) the holders or creditors of conversion rights or option certificates attached to the convertible bonds and notes with warrants to be issued by DaimlerChrysler AG or its majority owned direct or indirect subsidiaries up to April 5, 2010, in accordance

with the enabling resolution of the Annual Meeting of the Shareholders on April 6, 2005, actually exercise their conversion or option rights or

- b) the holders or creditors of the convertible bonds to be issued by DaimlerChrysler AG or its majority-owned direct or indirect subsidiaries up to April 5, 2010 in accordance with the enabling resolution of the Annual Meeting of the Shareholders on April 6, 2005 fulfill their conversion obligation.

Conditional Capital II: The capital stock of the corporation shall be conditionally increased by an amount not to exceed EUR 224,834,246.00 through the issuance of up to 86,474,710 no par value registered shares. The conditional capital increase shall be undertaken only to the extent that the holders of option rights, issued by DaimlerChrysler AG in the period up to April 18, 2005, in conformity with the resolution passed at the Annual Meeting held on April 19, 2000, actually exercise their options and the corporation does not grant any of its own shares in fulfillment of the options.

Residually Conditional Capital III: The capital stock shall be conditionally increased by EUR 40,689,870.00, allocated into up to 15,649,950 no par value registered shares with a proportionate amount of the capital stock of EUR 2.60 allotted to each share. This conditional capital increase shall be undertaken only to the extent that the holders of the convertible bonds attached to the 5.9 %-DM-convertible bonds of 1996/2006, to the 5.3 %-DM-convertible bonds of 1997/2007, and to the 4.4 %-DM-convertible bonds of 1998/2008, issued by Daimler-Benz Aktiengesellschaft up on the authorization of the Annual Meeting of May 22, 1996, in conjunction with the supplementary authorization of the Annual Meeting held on May 28, 1997, have conversion rights and exercise their conversion rights after the effective date of the merger with Daimler-Benz Aktiengesellschaft.

For further details on the before mentioned authorized and conditional capital, please refer to section II. Capital Stock and Shares, paragraph 3 of the Company's Articles and Memorandum of Incorporation.

(ii) Issued and outstanding shares:

Kind:	registered ordinary shares, no par value
Number of shares:	1,022,349,481
Stock Exchanges on which the Shares are listed or Securities Dealers Associations with which the Securities are registered:	The principal trading markets for DaimlerChrysler ordinary shares are the Frankfurt Stock Exchange and the New York Stock Exchange. The ordinary shares are also listed on the stock exchange in Stuttgart, Germany.

On June 20, 2006, DaimlerChrysler announced that it has applied for a voluntary delisting of its ordinary shares from the Bourse de Paris (Euronext), SWX Swiss Exchange, Philadelphia Stock Exchange, The Chicago Stock Exchange, Incorporated, NYSE Arca (formerly known as the Pacific Exchange, Inc.), Tokyo Stock Exchange, Inc., Berlin-Bremen Stock Exchange (Berliner Börse AG), Duesseldorf Stock Exchange (Börse Düsseldorf AG), Stock Exchanges Hamburg and Hanover (BÖAG Börsen AG), Munich Stock Exchange (Bayerische Börse Aktiengesellschaft).

The delisting from Philadelphia Stock Exchange, The Chicago Stock Exchange, Incorporated, NYSE Arca (formerly known as the Pacific Exchange, Inc.) became effective at the end of the trading session on July 10, 2006. The delisting from Tokyo Stock Exchange became effective on July 28, 2006.

Reference: N/A

(2) Description of Number of Issued and Outstanding Shares and Share Capital

<u>Date or time</u>	<u>Increase in share capital</u>	<u>Total share capital after the increase/change</u>	<u>Remarks</u>
	in EUR	in EUR (ten thousand Yen)	
Balance as of Dec. 31, 2005	1,018,172,696 shares	2,647,249,009.60 (39,843,745)	End of fiscal 2005
Fiscal 2006 (1 st half)	10,859,641.00 (4,176,785 shares)	2,658,108,650.60 (40,007,193)	Exercise of stock options
Balance as of June 30, 2006	1,022,349,481 shares	2,658,108,650.60 (40,007,193)	

(3) Major shareholders

Our capital stock consists of ordinary shares without par value (Stückaktien). Our ordinary shares are issued in registered form. Under our memorandum and articles of association (Satzung), each ordinary share represents one vote. Major shareholders do not have different voting rights.

Under the German Securities Trading Act (Wertpapierhandels gesetz), shareholders of a listed German company must notify the company of the level of their holding whenever it reaches, exceeds, or falls below specified thresholds. These thresholds are 5%, 10%, 25%, 50% and 75% of a company's outstanding voting rights.

As of June 30, 2006, the Kuwait Investment Authority as agent for the Government of the State of Kuwait, held 73,169,320 shares or 7.2% of our outstanding shares. It was the only shareholder holding more than 5% of our ordinary shares as of that date.

2. Trends in Stock Prices

Monthly High and Low Stock Prices of Shares for each of the Last Six Months in the Period

Highest and lowest stock prices on the *Tokyo Stock Exchange* for each of the first six months of the year:

Month:	Jan 06	Feb 06	Mar 06	Apr 06	May 06	June 06
Stock price per share (Yen)						
Highest:	6,500	7,400	7,000	7,000	6,110	6,410
Lowest:	6,010	6,470	6,020	6,500	5,180	5,230

Highest and lowest stock prices on the *Frankfurt Stock Exchange* for each of the first six months of the year:

Month:	Jan 06	Feb 06	Mar 06	Apr 06	May 06	June 06
Stock price per share (EUR)						
Highest:	47.32	50.09	47.82	48.92	44.40	40.79
Lowest:	42.66	46.50	45.09	43.46	39.63	37.01

3. Directors, Officers and Statutory Auditors

(1) The Supervisory Board

Robert J. Lanigan was elected for a term of office of two years, which expired at the end of the annual meeting of stockholders on April 12, 2006.

At the annual meeting on April 12, 2006, the shareholders elected Dr. Manfred Bischoff, a former member of our Board of Management and a Co-Chairman of the Board of Directors of European Aeronautic Defense and Space Company EADS N.V., as a shareholder representative to the Supervisory Board. The term of Dr. Bischoff will expire at the close of the annual meeting of the shareholders resolving on the ratification of the actions of the Board of Management and the Supervisory Board for the 2010 financial year.

The Supervisory Board of DaimlerChrysler AG also elected Dr. Manfred Bischoff to the Presidential Committee of the Supervisory Board in its meeting on April 27, 2006. Dr. Manfred Bischoff will join the four-member committee with equal shareholder-employee representation as successor of Dr. Manfred Schneider.

On June 22, 2006, Mr. Nate Gooden retired from the Supervisory Board effective four weeks later according to our Articles of Incorporation. On August 31, 2006, we received the confirmation that the district court of Stuttgart appointed Mr. Ron Gettelfinger succeeding Nate Gooden in the Supervisory Board of DaimlerChrysler AG., effective August 28, 2006.

Ron Gettelfinger was born on August 1, 1944 and first elected as president of the United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW) at the 33rd Constitutional Convention in 2002. He was elected to the union's top leadership post to a second term on June 14, 2006, at the UAW's 34th Constitutional Convention in Las Vegas.

For six years he served as director of UAW Region 3, which represents UAW members in Indiana and Kentucky, before being elected a UAW vice president in 1998. As vice president, Gettelfinger was director of the UAW Aerospace Department and the UAW Ford Department, where he led negotiations in 1999 that focused on "Bargaining for Families."

A member of UAW Local 862 since 1964, Gettelfinger is proud to be called a chassis line repairman. The workers at Ford's Louisville Assembly plant elected Gettelfinger to represent them as a committeeperson, bargaining chairperson and president, as well as a delegate to the National Ford Council and Sub-Council # 2. He was also a member of the UAW national negotiating team during the 1987 Ford negotiations.

In 2003 he led the UAW negotiating teams at GM, Ford, DaimlerChrysler, Delphi and Visteon reaching agreements on five contracts.

Ron Gettelfinger is a graduate of Indiana University.

(2) The Board of Management

Compared to the status filed with the Securities Report on June 19, 2006 there was no change in responsibilities.

On July 27, 2006, the Supervisory Board of DaimlerChrysler AG resolved to reappoint Mr. Thomas W. LaSorda (52) as a Member of the Board of Management responsible for the Chrysler Group. Thomas W. LaSorda was reappointed for additional 5 years responsible for the Chrysler Group through April 30, 2012. His current contract expires April 30, 2007.

VI. Financial Conditions

The consolidated financial statements, prepared according to US GAAP, and additional explanations required under Japanese law have been omitted. They are included on pages 32 to 74 of the original Japanese version.

VII. Trends in Foreign Exchange Rates

Omitted because the foreign exchange rates between Yen and Euro, currency used in the Company's financial statements, have been published for the last 6 months in more than one Japanese newspaper concerning current events.

VIII. Reference Information of the Company

The following documents have been filed from the beginning of the relevant fiscal year to the date of filing of this Semi-Annual Report.

- 1 Securities Report and its attachments filed with the Director General of the Kanto Local Finance Bureau on June 19, 2006
(For the fiscal year from January 1, 2005 through December 31, 2005)
- 2 Extraordinary Report filed with the Director General of the Kanto Local Finance Bureau on January 10, 2006 (pursuant to Article 24-5, Paragraph 4 of the Securities and Exchange Law of Japan and Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of the Contents, etc. of Companies).
- 3 Amendment

An Amendment Report (an amendment report to the Securities Report described in 1 above) filed with the Director General of the Kanto Local Finance Bureau on August 7, 2006.

PART 2. INFORMATION CONCERNING GUARANTOR, ETC.

Not applicable.