

ENGLISCH

DaimlerChrysler AG: Update on Financial Performance and Outlook for Full-Year 2006  
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- Chrysler Group expects loss of €1.2 billion (\$1.5 billion) in the third quarter, strives to achieve positive results in fourth quarter
- DaimlerChrysler Group 2006: Operating profit in the magnitude of €5 billion (\$6.4 billion) anticipated

Stuttgart - DaimlerChrysler (stock exchange abbreviation DCX) lowered its operating profit forecast for full-year 2006 to be in the magnitude of €5 billion (\$6.4 billion) based on an expected full-year operating loss of approximately €1.0 billion (\$1.2 billion) for its Chrysler Group. Chrysler Group had earlier announced an anticipated operating loss of up to €0.5 billion (\$0.6 billion) in the third quarter which is now expected to be at €1.2 billion (\$1.5 billion).

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.

In the third quarter, the Chrysler Group was unable to follow customer demand with its existing product portfolio, as customers shifted towards smaller vehicles. However, in the second half of the year, the Chrysler Group will introduce a total of eight new vehicles, of which many are in the growing small vehicle segment.

Like the Dodge Caliber, which was launched in second quarter 2006, the Jeep® Compass, Jeep Patriot and the new Chrysler Sebring are equipped with the fuel-efficient, 2.4 liter, four cylinder World Engine and offer better than 30 miles per gallon highway mileage. Also this year, the Chrysler Group will offer the smallest Dodge SUV in history, the Dodge Nitro as well as an all-new version of the quintessential Jeep Wrangler.

After the anticipated loss of €1.2 billion (\$1.5 billion) in the third quarter the Chrysler Group strives to achieve positive results in the fourth quarter. DaimlerChrysler is forecasting that the Chrysler Group will end 2006 as a whole with a loss in the magnitude of approximately €1 billion (\$1.2 billion). Earnings development at the Mercedes Car Group, the Truck Group, Financial Services and Van, Bus, Other segment is fully in line with planning.

As a result of this reassessment of the earnings situation at the Chrysler Group, the earnings forecast for the DaimlerChrysler Group must also be adjusted. DaimlerChrysler is now assuming that the operating profit for 2006 will be in the magnitude of €5 billion (\$6.4 billion). This figure includes charges for the implementation of the new management model (€0.5 billion; \$0.6 billion), the focus on the smart fortwo (€1 billion; \$1.2 billion), the staff reductions at the Mercedes Car Group (€0.4 billion; \$0.5 billion), as well as gains on the disposal of the off-highway business (€0.2 billion; \$0.2 billion), on the sale of real estate no longer required for operating purposes (€0.1 billion; \$0.1 billion) and the release of provisions for retirement-pension

obligations (€0.2 billion; \$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.

In order to improve the earnings situation of the Chrysler Group as quickly, comprehensively and sustainably as possible, measures to increase sales and cut costs in the short term are being examined at all stages of the value chain, in addition to structural changes being reviewed as well. The positive development of volumes and earnings in Mexico and Canada as well as in other international markets also offer opportunities for further improvements.

For the reader's convenience, the financial information has been translated from euros into U.S. dollars at an assumed rate of €1 = \$1.2723 (official buying or selling rate on September 14, 2006).

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.