

DaimlerChrysler Posts Operating Profit of \$2.0 Billion in

- Group operating profit of \$2.4 billion, excluding charges related to the realignment of grew by 4% to \$46.5 billion - Net income increased by \$194 million to \$892 million (+2 realignment of the smart business model, Group operating profit for the full year still ex 2004 (\$7.0 billion)

STUTTGART, Germany and AUBURN HILLS, Mich., July 28, 2005 /PRNewswire-FirstCall via COMTEX operating profit of \$2.0 billion in the second quarter of 2005, compared with \$2.5 billion result is significantly above analysts' estimates. As previously announced, the realignment additional expenses during the second quarter. Excluding these charges, the Group's second \$2.4 billion, which was close to the level recorded in Q2 2004.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20020212/DCXLOGO>)

However, Group operating profit increased significantly from \$760 million in the first quarter of this year to \$2.0

Net income of \$892 million is reported for the second quarter of 2005, which is \$194 million higher than in the s operating profit was more than offset by the improved financial income (expense), net, and lower income taxes. with \$0.69 in the second quarter of 2004.

The net liquidity of the industrial business increased from \$4.4 billion at the end of the first quarter of 2005 to \$6.0

Increases in unit sales and revenues

In the second quarter of this year, DaimlerChrysler increased its worldwide unit sales by 4% to 1.3 million vehicles

DaimlerChrysler's second-quarter revenues also increased by 4% to \$46.5 billion. Adjusted for currency-translation revenues grew by 6%.

At the end of the second quarter of 2005, DaimlerChrysler employed a workforce of 388,758 people worldwide. In the second quarter of 2005, the Mercedes-Benz Group, the number of employees increased by 2%.

Details of the divisions in Q2 2005

The Mercedes Car Group's second-quarter unit sales decreased by 4% to 308,100 vehicles due exclusively to lower

After an operating loss in the first quarter of this year, the Mercedes Car Group recorded slightly positive earnings in the second quarter, achieving the turning point in operating performance. The division's operating profit of \$15 million includes further cost savings from the smart business model. Excluding these expenses for smart, the division's result would have been an operating profit of \$391 million in the second quarter. This significant increase in earnings is primarily due to cost-saving actions taken through the CORE program.

There were offsetting effects at Mercedes-Benz Passenger Cars due to lower unit sales of the S-Class and M-Class, as well as the mix and the continued strength of the euro. In addition, increased raw material prices and the launch costs for the new models

Unit sales by the Mercedes-Benz brand of 273,400 vehicles were at the same level as in Q2 2004. Increases over the A-Class and the SLK roadster. The new M-Class, which was launched in the United States in April, and the new S-Class had successful starts. In the run up to the model changeover, S-Class sales did not reach last year's levels, but this can be expected in the luxury segment.

The comprehensive measures taken as a part of the quality offensive are showing results: According to this year's J.D. Power survey, the Mercedes-Benz brand improved by 5 places and was thus one of the top five car brands.

Within the framework of the CORE program, by the end of June a large number of ideas had been developed to improve the Mercedes-Benz Car Group, and a high proportion of the total volume of profitability improvements targeted for the year 2005 had been achieved. Mercedes Car Group intends to improve its earnings by up to \$4.2 billion and to achieve a return on sales of 7%.

Due to the continuation of difficult conditions in the market for small cars and inventory reductions, shipments to retail outlets decreased by 1% to 45,100 cars in the second quarter (Q2 2004: 45,100). However, retail sales increased by 2% to 38,700 cars.

The program for the realignment of the smart business model is progressing as planned. Important milestones were the decision by the Board of Directors to proceed with the restructuring council on the planned job reductions and with the European smart dealer organization on an optimized distribution network.

The Chrysler Group increased its second-quarter worldwide retail sales by 3% to 783,000 vehicles. This increase was driven by the strong performance of new products launched in 2004 such as the Chrysler 300 (+18%), the Dodge Magnum (+133%), the Jeep(R) Grand Cherokee (+10%), the Dodge Stratus (+10%) and the innovative Stow'n Go seating system (+6%). Unit sales (factory shipments) increased by 4% to 812,200 vehicles.

As a result, in particular, of the appreciation of the euro against the US dollar, revenues decreased by 1% to euro 10.1 billion in the second quarter of 2004, compared with euro 10.2 billion in the first quarter of 2004, and by 3%.

The Chrysler Group posted an operating profit in a difficult market environment of \$658 million in the second quarter of 2004, compared with \$630 million in the second quarter of 2004. The increase in operating profit, resulting from increased shipments, cost savings, improved net pricing, shifts in product and market mix and the appreciation of the euro against the US dollar.

According to the respected Harbour Report North America, the Chrysler Group boosted its productivity by a further 1% in the second quarter of 2004. The Chrysler Group has improved its overall manufacturing productivity by a substantial 19%. In the J. D. Power Initial Quality Survey, the Chrysler Group achieved a quality rating in 2004, despite the launch of nine new models in that year.

To be able to react quickly to fluctuations in demand, the Chrysler Group will, over the coming years, further improve its production equipment. In the second quarter, the division therefore announced major investments at selected plants.

The Commercial Vehicles Division increased its unit sales by 20% to 221,600 vehicles in the second quarter, while revenues rose by 12% to 1.1 billion euros. Adjusted for changes in the consolidated Group -- Mitsubishi Fuso Truck and Bus Corporation (MFTBC) was sold in the first quarter of 2004 -- unit sales rose by 8% and revenues by 12%.

With a second-quarter operating profit of \$634 million, the Commercial Vehicles Division once again increased (+12%). The continuing positive development of unit sales in nearly all of the division's business units, particularly efficiency improvement programs were the primary factors behind the increase in operating profit. These factors resulted primarily from more expensive raw materials and exchange rate effects.

The positive development of the truck business continued in the second quarter of 2005. The Trucks NAFTA business unit (Mercedes-Benz Trucks, Western Star) improved its unit sales by 32% to 48,700 vehicles, primarily as a result of the continuing strength in the North American market. Unit sales by the Trucks Europe/Latin America business unit (Mercedes-Benz) increased by 1% to 45,900 trucks and vans, the success of the Axor and Actros models. MFTBC's second-quarter unit sales decreased by 11% to 45,900 trucks and vans. The Vans business unit were close to the number sold in Q2 2004. The DaimlerChrysler Buses business unit sold 9,500 buses in the second quarter of last year.

In the quarter under review, the division unveiled the "Global Excellence" program. It comprises four initiatives designed to strengthen the Commercial Vehicles Division's existing strategy. These initiatives aim to reduce dependence on industry cycles, to increase operational efficiency, to accelerate our growth in the global commercial-vehicle markets and to extend our innovation leadership with new products.

The operating profit of the Financial Services division remained at a high level of \$466 million (Q2 2004: \$571 million). The increase was primarily from the strength of the euro against the US dollar and rising interest rates, particularly in the United States, was also a factor.

Contract volume increased by 9% to \$138.2 billion; after adjusting for exchange-rate effects the increase amounted to 11%. The total portfolio comprised a total of 6.5 million vehicles (+3%). New business decreased by 4% compared with last year.

In the 'Americas' region (North and South America), contract volume increased to \$101.4 billion (+10%), representing an increase of \$36.8 billion in the region of Europe, Africa, Asia/Pacific exceeded the high level of the prior-year quarter. The Bank further strengthened its position with the financing and leasing of DaimlerChrysler vehicles. Contract volume in the Financial Services division is proceeding according to plan with preparations for the establishment of its own financing company.

The toll-collection system, which started successfully in Germany at the beginning of the year, proved its reliability stable in full-load operation. The development of the software for the second version of the on-board units (OBU) toll parameters and route data to be updated via mobile telephony as of January 1, 2006. So far, more than 450,000 more than 12 tons.

Other Activities' operating profit of \$174 million represented an improvement of \$71 million compared with the first half of 2004, mainly the result of an increased operating profit at the European Aeronautic Defence and Space Company (EADS). EADS performed extremely well in the first half of 2005.

The DaimlerChrysler Off-Highway business unit made a higher contribution to the Other Activities segment's operating profit through positive market developments, improved revenue structures and measures taken to improve efficiency. DaimlerChrysler's revenues by 12% to \$565 million. Incoming orders of \$719 million were also significantly higher than in Q2 2004.

Outlook for full-year 2005

Demand in the automotive industry is likely to remain rather moderate in the second half of the year. Whereas demand in the emerging markets, DaimlerChrysler expects unit sales at last year's levels in the world's three major markets: Europe, Japan, although there may be very strong seasonal fluctuations from one quarter to the next. Demand for commercial vehicles is at a high level. In view of further reductions in model lifecycles and ongoing over-capacity, the company expects a continued recovery in the automobile industry.

DaimlerChrysler anticipates a slight increase in unit sales in full-year 2005 compared with 2004.

At the Mercedes Car Group, the general availability of numerous new models and engines should stimulate unit sales, which are boosted by the extremely positive response to the new S-Class, with the first cars being delivered to customers in the United States launched in the United States this fall. With these new vehicles, the Mercedes-Benz brand will have its broadest

the division expects a slight increase in unit sales compared with 2004. The Mercedes Car Group anticipates coming to a turning point in the second quarter.

The Chrysler Group anticipates a continuation of the tough competition in the North American market during the year. The United States is likely to be around 17.2 million vehicles. In particular, the success of the new models should help the group with the year 2004.

In the second half of 2005, the Commercial Vehicles Division expects unit sales to continue the pleasing development. An increase should be achieved for the full year. There will be a positive impetus in particular from the strong demand for duty trucks in the NAFTA region, as well as for Mercedes-Benz trucks.

The Financial Services division assumes that levels of new business and contract volume will be stable during the year.

EADS expects the recovery of the market for civil aircraft to continue in the second half of the year. In full-year 2005, the number of aircraft delivered is expected to be around 320 (2004: 320).

The DaimlerChrysler Group continues to expect higher revenues in 2005 than in 2004. The development of revenues will be impacted by the exchange rate between the euro and the US dollar.

The size of the workforce is expected to increase slightly.

Despite the recent rise of the US dollar against the euro, operating profit for full-year 2005 will be impacted by the exchange rate compared to the prior year. In addition, the development of earnings will continue to be impacted by increases in costs.

After increasing Group earnings in the second quarter by more than originally anticipated and achieving the turn-around in 2005 DaimlerChrysler continues to expect a slight increase in operating profit compared with the prior year, except for the smart business model.

For the reader's convenience, the financial information has been translated from euros into U.S. dollars at an assumed rate of 1 euro = US-\$ 1.2098 (as of June 30, 2005). The convenience translation does not mean that the euro amounts actually represent the corresponding amounts into dollars at the assumed rate.)

This document contains forward-looking statements that reflect management's current views with respect to future performance. Words such as "believe," "estimate," "expect," "intend," "may," "plan," "project" and "should" and similar expressions identify statements that are forward-looking. These statements are subject to risks and uncertainties, including, but not limited to: an economic downturn in Europe or North America; fluctuations in exchange rates and in raw material prices; introduction of competing products; increased sales incentives; the successful implementation of new products; supply interruptions of production materials, resulting from shortages, labor strikes or supplier insolvencies; and other risks. If these or other risks and uncertainties occur (some of which are described under the heading "Risk Report" in DaimlerChrysler's most recent Annual Report on Form 20-F filed with the SEC), the actual results may differ from the assumptions underlying any of these statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date of this document.

Further information from DaimlerChrysler is available on the internet at: <http://www.media.daimlerchrysler.com>

Figures for the 2nd Quarter 2005/First Half-Year 2005
U.S. dollar figures - convenience translation
All values, including the 2004 figures, are converted from euro figures with the exchange rate of 1 euro = US-\$ 1.2098
(based on the noon buying rate on June 30, 2005)

DaimlerChrysler Group values in US-\$	Q2 2005	Q2 2004	Change 05:04	YTD 2005	YTD 2004	Change 05:04
Revenues, in millions	46,484	44,850	+ 4 %	84,888	83,988	+ 1 %
Operating profit, in millions 1)	2,022	2,530	- 20 %	2,781	4,400	- 37 %
Net income, in millions 1)	892	698	+ 28 %	1,240	1,196	+ 4 %

Per Share (EPS) 1)	0.88	0.69	+ 28 %	1.22	1.19	+ 3 %
Employees (June 30)	388,758	383,724	+ 1 %	388,758	383,724	+ 1 %

Operating profit (loss) by Divisions in millions of \$	Q2 2005	Q2 2004	Change 05:04	YTD 2005	YTD 2004	Change 05:04
Mercedes Car Group	15	850	- 98 %	(1,140)	1,624	-
Chrysler Group 1)	658	630	+ 4 %	963	997	- 3 %
Commercial Vehicles	634	566	+ 12 %	1,498	890	+ 68 %
Financial Services	466	571	- 18 %	863	838	+ 3 %
Other Activities	174	103	+ 69 %	439	265	+ 66 %

Revenues by Divisions in millions of \$	Q2 2005	Q2 2004	Change 05:04	YTD 2005	YTD 2004	Change 05:04
Mercedes Car Group	15,089	15,700	- 4 %	27,650	29,823	- 7 %
Chrysler Group	15,764	15,977	- 1 %	28,751	30,567	- 6 %
Commercial Vehicles	12,881	10,843	+ 19 %	23,181	18,843	+ 23 %
Financial Services	4,612	4,190	+ 10 %	8,927	8,269	+ 8 %
Other Activities	662	570	+ 16 %	1,195	1,038	+ 15 %

Unit Sales	Q2 2005	Q2 2004	Change 05:04	YTD 2005	YTD 2004	Change 05:04
DaimlerChrysler Group	1,335,100	1,281,200	+ 4 %	2,423,400	2,354,200	+ 3 %
Mercedes Car Group	308,100	319,400	- 4 %	555,000	585,300	- 5 %
Chrysler Group	812,200	781,400	+ 4 %	1,478,900	1,466,200	+ 1 %
Commercial Vehicles	221,600	184,900	+ 20 %	401,000	310,700	+ 29 %

1) Figures for Q1/2004 and Q2/2004 have been adjusted retroactively for effects resulting from the first time application of the Medicare Act in the US.

SOURCE DaimlerChrysler

CONTACT: Han Tjan, +1-212-909-9063, or Thomas Froehlich, +49-711-17-93311, for Da

URL: <http://www.prnewswire.com>
<http://www.daimlerchrysler.com>
<http://www.media.daimlerchrysler.com>
www.prnewswire.com

Copyright (C) 2005 PR Newswire. All rights reserved.

-0-

KEYWORD: Michigan
Germany

INDUSTRY KEYWORD: AUT
MAC

SUBJECT CODE: ERN
CCA
ERP