

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IN RE DAIMLERCHRYSLER AG SECURITIES LITIGATION :

Master File No. 00-993 (JJF)

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS OR ENTITIES, WHO ARE NOT FOREIGN INVESTORS (AS DEFINED BELOW), AND WHO EXCHANGED SHARES OF CHRYSLER CORPORATION FOR SHARES OF DAIMLERCHRYSLER AG IN CONNECTION WITH THE NOVEMBER 1998 BUSINESS COMBINATION OF CHRYSLER CORPORATION AND DAIMLER-BENZ AG, OR WHO PURCHASED OR ACQUIRED SHARES OF DAIMLERCHRYSLER AG IN THE OPEN MARKET FROM NOVEMBER 13, 1998 THROUGH NOVEMBER 17, 2000.

**PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED
BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.**

SUMMARY OF THE SETTLEMENT

Statement of Plaintiff Recovery: This Notice provides information concerning the proposed settlement (the "Settlement") of the above-captioned action (the "Action"), which would resolve all claims of Class Members (as defined below) concerning the subject matter of the Action against DaimlerChrysler AG, Daimler-Benz AG, Jürgen Schrempp and Manfred Gentz (collectively, the "DaimlerChrysler Defendants" or the "Defendants"), in exchange for a cash payment of Three Hundred Million United States Dollars (U.S. \$300,000,000) (the "Settlement Amount"). The average recovery per share will depend on whether the shares were (1) Chrysler Corporation ("Chrysler") shares which were exchanged for shares of DaimlerChrysler AG ("DaimlerChrysler") in connection with the business combination (the "Merger") of Chrysler and Daimler-Benz AG ("Daimler-Benz"), or (2) whether they were DaimlerChrysler shares purchased on the open market during the period November 13, 1998, through and including November 17, 2000 (the "Class Period"), and if so, when those DaimlerChrysler shares were purchased and sold. The Settlement Amount will be allocated among Chrysler shares exchanged by Class Members and DaimlerChrysler shares purchased by Class Members during the Class Period, as follows: (i) 95.833% of the Settlement Amount will be allocated to claims on behalf of Chrysler shares exchanged by Class Members in the Merger; and (ii) 4.167% of the Settlement Amount will be allocated to claims on behalf of DaimlerChrysler shares purchased by Class Members during the Class Period. The average recovery per share will also depend on the total number of shares for which valid Requests for Exclusion and Proofs of Claim are submitted. The expert on damages retained by Lead Plaintiffs calculates that, in all, approximately 601 million shares of Chrysler stock were exchanged in the Merger and approximately 52 million shares of DaimlerChrysler stock were purchased by members of the Class. Assuming that all affected shares elect to participate in the Settlement, the average recovery per share would be \$0.48 for each Chrysler share exchanged in the Merger, and \$0.24 for each share of DaimlerChrysler stock purchased by a Class Member during the Class Period, as more fully described in the proposed plan of allocation set forth below.

Statement of Potential Outcome: Lead Plaintiffs and Defendants do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiffs were to have prevailed on their claims. The issues on which the Settling Parties disagree include, among other things, whether Chrysler shareholders and purchasers of DaimlerChrysler stock during the Class Period suffered any damages at all. Accordingly, Defendants challenge Lead Plaintiffs' damage theories and calculations and dispute that any damages would be recoverable if the Class prevailed on each of their claims and in all respects.

Statement of Attorneys' Fees and Costs Sought: Lead Counsel have not received any payment for their services in prosecuting this Action on behalf of the Class, nor have they been reimbursed for their considerable out-of-pocket expenditures. Lead Counsel will apply to the Court for an award of attorneys' fees not to exceed twenty-two and one half percent (22.5%) of the Settlement Amount. In addition, Lead Counsel will seek reimbursement of expenses incurred in connection with the prosecution of the Action (which include the fees and/or expenses of Lead Plaintiffs' experts or consultants) from the Settlement Amount in an amount not to exceed \$4.4 million. If Lead Counsel's fee and expense application is approved by the Court, the average cost per share of Chrysler exchanged on the Merger would be approximately \$0.11, and the average cost per share of DaimlerChrysler purchased by Class Members during the Class Period would be approximately \$0.06, subject to the same variables summarized above. THE COURT HAS NOT EXPRESSED ANY OPINION ON LEAD COUNSEL'S FEE AND EXPENSE APPLICATION.

Identification of Attorneys' Representatives: Lead Counsel identified below are available to answer questions from members of the Class concerning any matter contained in this Notice: ENTWISTLE & CAPPUCCI LLP, Vincent R. Cappucci, 299 Park Avenue, 14th Floor, New York, NY 10171, (212) 894-7200; GRANT & EISENHOFER, P.A., Jay W. Eisenhofer, 1201 N. Market Street, Suite 2100, Wilmington, DE 19801, (302) 622-7000; BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP, Daniel L. Berger, 1285 Avenue of the Americas, New York, NY 10019, (212) 554-1400; or BARRACK RODOS & BACINE, Gerald J. Rodos, 3300 Two Commerce Square, 2001 Market Street, Philadelphia, PA 19103, (215) 963-0600.

Reasons for the Settlement: A full statement of the reasons for the Settlement is set forth below in paragraphs 25 and 26 of this Notice. In summary, Lead Plaintiffs believe that the Settlement is fair, reasonable and in the best interests of the Class considering the amount of the Settlement, the immediacy of recovery available to the Class Members, and the considerable risks of continued prosecution of the Action. Lead Plaintiffs recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action through trial and appeals. Lead Plaintiffs also have considered the uncertain outcome and the risk of any further litigation, especially in complex actions such as this Action, as well as the difficulties and delays inherent in any such litigation. Lead Plaintiffs are mindful of the inherent problems of proof and possible defenses to the federal securities law violations asserted.

INTRODUCTION

1. This Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and pursuant to an Order of the United States District Court for the District of Delaware (the "Court"). The purpose of this Notice is to inform you of a hearing (the "Settlement Hearing") to be held by the Court on December 5, 2003 at 1:00 p.m. before the Honorable Joseph J. Farnan, Jr., at the United States District Court, District of Delaware, J. Caleb Boggs Federal Building, 844 N. King Street, Wilmington, DE 19801, for the purpose of: (i) determining whether the Settlement should be approved as fair, reasonable and adequate to the Class Members, and whether the Final Judgment and Order of Dismissal (the "Judgment") should be entered; (ii) determining whether the proposed plan of allocation is fair and reasonable and should be approved; and (iii) considering Lead Counsel's application for an award of attorneys' fees and payment of costs and expenses.

2. The purpose of this Notice is also to inform you that, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the Court, a class (the "Class") has been certified in the above-captioned action consisting of: (i) all Persons who exchanged shares of Chrysler for shares of DaimlerChrysler in connection with the November 1998 Merger of Chrysler and Daimler-Benz; and (ii) all Persons who purchased or acquired shares of DaimlerChrysler in the open market from the time of the Merger through November 17, 2000. Excluded from the Class are all Foreign Investors, the Defendants, all of the officers and directors of DaimlerChrysler, members of their immediate families and their legal representatives, heirs, predecessors, successors and assigns, and any entity in which any of the foregoing has a controlling interest. The exclusion of "officers and directors of DaimlerChrysler" from the Class means past and present members of DaimlerChrysler's Management Board, Supervisory Board and Shareholders Committee, also known as the Integration Committee.

3. "Person" is defined as any individual, corporation, partnership, association, affiliate, joint stock company, estate, trust, unincorporated association, entity, government and any political subdivision thereof, or any other type of business or legal entity.

4. "Foreign Investors" is defined as all Persons who purchased or acquired their shares of Chrysler and/or DaimlerChrysler on or through a securities exchange not based in the United States, unless such Person is a citizen or a resident of the United States.

5. This Notice summarizes the terms of the Settlement, which are fully set forth in the Stipulation of Settlement Between Lead Plaintiffs and Defendants executed on September 29, 2003 (the "Stipulation"). The Stipulation is on file with the Court, and you can obtain a copy from the Clerk of Court, United States District Court, District of Delaware, J. Caleb Boggs Federal Building, 844 N. King Street, Wilmington, DE 19801. Capitalized terms not defined in this Notice are defined in the Stipulation.

6. IF YOU ARE A MEMBER OF THE CLASS AND DO NOT REQUEST EXCLUSION FROM THE CLASS, YOUR RIGHTS WILL BE AFFECTED BY THIS LITIGATION.

7. The issuance of this Notice is not intended to be an expression of the Court's opinion on the merits of any claim by Lead Plaintiffs in the Action or its potential outcome.

8. **RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A MEMBER OF THE CLASS OR THAT YOU ARE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU WISH TO PARTICIPATE IN THE SETTLEMENT, YOU MUST SUBMIT THE ENCLOSED PROOF OF CLAIM FORM BY MARCH 31, 2004.**

DESCRIPTION OF THE ACTION AND SIGNIFICANT DECISIONS

9. The Defendants named in this Action are: (i) DaimlerChrysler; (ii) Daimler-Benz; (iii) Jürgen Schrempp, Chairman of the Daimler-Benz Board of Management and now Chairman of the DaimlerChrysler Board of Management; and (iv) Manfred Gentz, Member of the Daimler-Benz Board of Management, Finance & Controlling and now Member of the DaimlerChrysler Board of Management, Finance & Controlling.

10. By Order dated March 30, 2001, the Court appointed the Florida State Board of Administration ("FSBA"), Policemen's Annuity and Benefit Fund of Chicago ("PABF"), Municipal Employees Annuity and Benefit Fund of Chicago ("MEABF"), and Denver Employees Retirement Plan ("DERP") as Lead Plaintiffs for the Class ("Lead Plaintiffs") and approved their choice of the law firms of Entwistle & Cappucci LLP, Grant & Eisenhofer, P.A., Bernstein Litowitz Berger and Grossmann LLP, and Barrack Rodos & Bacine as Co-Lead Counsel ("Lead Counsel") for the Lead Plaintiffs and the Class.

11. By Order dated June 10, 2003, the Court, pursuant to Rule 23 of the Federal Rules of Civil Procedure, certified this action as a class action on behalf of the Class and directed that notice be disseminated to all members of the Class. In addition, the Court certified: (1) Lead Plaintiffs FSBA, PABF and MEABF as Class representatives for those members of the Class who exchanged Chrysler shares for DaimlerChrysler shares in connection with the Merger; (2) Lead Plaintiffs PABF, MEABF, and DERP as Class representatives for those members of the Class who acquired DaimlerChrysler stock during the Class Period; and (3) approved Lead Counsel as counsel for the Class.

12. Lead Plaintiffs contend that, in 1998, Chrysler and Daimler-Benz entered into a business transaction to form DaimlerChrysler. Lead Plaintiffs also contend that in order to induce approval of the Merger by Chrysler shareholders, Daimler-Benz touted the transaction as a "merger of equals" that would create a new company in which the Chrysler and Daimler-Benz constituents would be equals in power, management and governance at the corporate level of the combined company. Lead Plaintiffs further allege that toward that end, the combined company was to have dual headquarters in the United States and Germany, and Chrysler and Daimler-Benz personnel would have equal opportunity to advance to all levels of the new company. Lead Plaintiffs further contend that, consistent with the concept of an equal partnership, the Merger was set with an exchange ratio to equalize the relative values of the two companies, which valued each Chrysler share at 28 percent over the price of Chrysler stock prior to the announcement of the Merger on May 7, 1998, but which did not reflect any premium for acquiring Chrysler.

13. A Proxy Statement and Prospectus (the "Proxy/Prospectus"), dated August 6, 1998, was disseminated to all Chrysler shareholders. The Proxy/Prospectus notified Chrysler shareholders of a special meeting to be held on September 18, 1998 for the purpose of considering and voting upon the Merger and the adoption of the Business Combination Agreement ("BCA"), which had been approved by the respective boards of Chrysler and Daimler-Benz. Lead Plaintiffs allege that this Proxy/Prospectus was materially false and misleading in that it characterized the transaction contemplated by the BCA as a "merger of equals". Lead Plaintiffs contend that "merger of equals" meant that Chrysler and Daimler-Benz personnel would have equal opportunity to advance to all levels of the combined company and that neither Chrysler nor Daimler-Benz would dominate DaimlerChrysler.

14. Lead Plaintiffs further contend that, following the consummation of the Merger on November 13, 1998, Defendants continued to characterize the combination of Chrysler and Daimler-Benz as a "merger of equals". Lead Plaintiffs allege that this misrepresentation was made apparent when Defendant Schrempp gave an interview to The Financial Times on October 27, 2000, in which, Lead Plaintiffs allege, he admitted that the Merger was a takeover rather than a "merger of equals".

15. This Action was commenced following the publication of the October 30, 2000 Financial Times article, subsequent announcements made on November 17, 2000 by DaimlerChrysler about certain management changes, including the replacement of Chrysler President Jim Holden with Dieter Zetsche, and an investigation by Lead Plaintiffs.

16. The Second Amended Class Action Complaint (the "Complaint") filed in this action asserts claims arising under sections 11, 12(a)(2) and 15 of the Securities Act of 1933 and sections 10(b), 14(a) and 20(a) of the Securities Exchange Act of 1934 and Rules 10(b)-5 and 14(d)-9 promulgated thereunder. In particular, the Complaint alleges that all Defendants violated the federal securities laws by issuing the allegedly materially false and misleading Proxy/Prospectus. It further alleges that Defendants violated the federal securities laws as a result of their responsibility for other publicly disseminated documents alleged to have perpetuated the misrepresentation that the Merger was a "merger of equals".

17. Lead Plaintiffs contend that they and the other members of the Class were damaged as a result of the alleged misrepresentations and omissions in that they were entitled to a control premium for their Chrysler shares, as is typically afforded in acquisitions, and/or overpaid for DaimlerChrysler stock purchased after the Merger on the open market.

18. The Defendants have denied and continue to deny that they have committed or attempted to commit any wrongful act or violation of law, and contend that they have acted properly and lawfully at all times. Defendants assert that the Merger of Chrysler and Daimler-Benz was at the time of its closing and remains a "merger of equals" as defined in the BCA, the Proxy/Prospectus and their public statements concerning the Merger. Defendants have also contended and continue to contend that Lead Plaintiffs have failed to state any causes of action against the Defendants and that Lead Plaintiffs have not suffered any of the damages alleged in the Complaint.

19. On March 22, 2002, the Court entered an order granting Defendants' motion to dismiss Lead Plaintiffs' First Amended Complaint. The Court dismissed with prejudice Lead Plaintiffs' claims that Defendants' overstated DaimlerChrysler's financial results by "stuffing" its distribution channels with more cars than could reasonably be sold. On April 5, 2002, Lead Plaintiffs filed their motion for leave to file a Second Amended Complaint, which the Court granted on May 8, 2002.

20. Discovery commenced in May 2002 following Court approval of a scheduling order for the Action. Lead Counsel served interrogatories and document requests upon Defendants and have reviewed and analyzed Defendants' responses thereto and hundreds of thousands of pages of documents produced by the Defendants and by non-parties, including documents produced by the investment banking firms retained by Chrysler and by Daimler-Benz, respectively, in connection with the negotiation and consummation of the Merger. Lead Counsel also initiated proceedings in England to obtain evidence in the possession of the Financial Times Ltd. Lead Counsel have conducted and/or participated in more than 36 depositions in the United States, Germany and England, and have made additional inquiries as to pertinent facts, including through consultation with German speaking attorneys retained by Lead Counsel, independent financial advisors, merger and acquisition experts and damages experts. Defendants have deposed each of the Lead Plaintiffs. In addition, Lead Plaintiffs proffered expert reports by three experts concerning the effect of the alleged misrepresentations and omissions on the Merger exchange ratio and prices at which DaimlerChrysler stock traded during the Class Period. Defendants proffered reports by these experts in response to Lead Plaintiffs' expert reports. All discovery has been concluded with the exception of the depositions of certain of Defendants' anticipated trial witnesses.

21. Defendants moved for summary judgment on February 10, 2003 on a number of grounds, including that Lead Plaintiffs' claims were not timely brought and are barred by the governing statute of limitations; that Lead Plaintiffs cannot prove any injury caused by the alleged fraud and cannot recover any damages based on the theory of a lost control premium; and that Lead Plaintiffs and the Class failed to demonstrate that Defendants violated any provision of the federal securities laws. On June 25, 2003, the Court entered an Order denying that part of Defendants' motion for summary judgment requesting the Court to dismiss Lead Plaintiffs' claims as time-barred by the statute of limitations. The Court has not ruled on any other aspect of Defendants' motion for summary judgment.

22. Trial of this Action was scheduled to commence on December 1, 2003.

BACKGROUND OF THE SETTLEMENT

23. As detailed above, Lead Counsel have conducted an extensive investigation relating to the allegations of wrongdoing pertaining to each Defendant in the Action and the alleged damages suffered by the Class. Based upon, *inter alia*, this investigation, Lead Plaintiffs and Lead Counsel were fully aware of the strengths and weaknesses of the Class' claims at the time the Settlement was reached.

24. Commencing in May 2003, after the conclusion of virtually all fact and expert discovery in this Action and after the completion of briefing on Defendants' motions for summary judgment, the parties began to discuss the possibility of settling this Action. Those discussions, however, failed to result in a settlement. In June, 2003, the parties agreed to attempt to mediate a resolution of the Action and agreed upon an experienced mediator, who is a former federal judge, to facilitate those negotiations. The mediation took place on July 29-30, 2003, and only after two long days of negotiations was an agreement in principle reached to settle the Action. Lead Plaintiff FSBA was present during the mediation sessions and the other Lead Plaintiffs participated by phone. Counsel for the Lead Plaintiffs and the Defendants then turned to negotiating a Memorandum of Understanding setting forth their agreement in principle, which was executed on August 19, 2003. The terms of the Memorandum of Understanding were then incorporated into the Stipulation.

REASONS FOR THE SETTLEMENT

25. Lead Plaintiffs and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action through trial and appeals. They have also considered the uncertain outcome and the risk of any litigation, especially in complex actions such as this Action, as well as the difficulties and delays inherent in any such litigation. Lead Plaintiffs and Lead Counsel are also mindful of their burden of proof in establishing liability and damages, the defenses to the federal securities law violations which have been asserted by Defendants, and that the Settlement confers substantial benefits upon the Class Members. Based upon their evaluation, Lead Plaintiffs and Lead Counsel believe that it is desirable that the Released Claims be fully and finally compromised, settled and resolved with prejudice and enjoined on the terms set forth herein and have determined that the Settlement is fair, reasonable and adequate and in the best interests of the Lead Plaintiffs and the members of the Class. Lead Plaintiffs and Lead Counsel further believe that the Settlement provides an excellent monetary recovery for the Class, based on the claims asserted, the evidence developed during discovery, the damages that might be proven in the Action and the risks of establishing liability and damages at trial.

26. The DaimlerChrysler Defendants have denied and continue to deny that they have committed, or have threatened or attempted to commit, any wrongful act or violation of law or duty of any nature, and contend that they have acted properly and lawfully at all times. Nevertheless, Defendants desire to settle and terminate the claims of the Lead Plaintiffs and the Class Members so as to avoid the substantial expense, inconvenience and distraction of continued litigation of the Action and finally to put to rest any and all of the Released Claims against the Released Defendant Parties.

RELEASES AND DISMISSAL OF LEAD PLAINTIFFS' CLAIMS

27. If the Settlement is approved by the Court, in consideration for the USD \$300 million to be paid by DaimlerChrysler on behalf of the DaimlerChrysler Defendants, the Court will enter a Judgment that will dismiss with prejudice and fully and finally settle the Released Claims.

28. Accordingly, if the Judgment is entered, as of the Effective Date:

- a. The Released Claims against each and all of the Released Defendant Parties shall be released and dismissed with prejudice, without costs to any Settling Party. The Released Plaintiff Parties, whether or not any such Person submits a Proof of Claim or otherwise shares in the Settlement Fund, will be deemed by the Judgment to release and forever discharge the Released Defendant Parties from any and all of the Released Claims; and
- b. The Released Plaintiff Parties shall be forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting against any of the Released Defendant Parties, and each of them, any of the Released Claims.

29. In addition, if the Judgment is entered, as of the Effective Date, each of the Released Defendant Parties shall release, against each and all of the Released Plaintiff Parties, the Released Defendants' Claims.

30. "Released Claims" means any and all claims (including "Unknown Claims" as defined in ¶34 below), which have been or could have been asserted against the Released Defendant Parties, whether under state, federal, common, foreign or administrative law, relating to the subject matter of the Action, including, but not limited to any of the following: (i) the claims, actions or causes of action arising out of or in any way based upon, connected with or related to the Class Members' exchange of Chrysler stock for shares of DaimlerChrysler stock in connection with the Merger; or (ii) the Class Members' purchase or acquisition of DaimlerChrysler stock during or relating to the period from November 13, 1998 through and including November 17, 2000; provided, however, that the Lead Plaintiffs and the Class shall not release any claims against any Person who is or was affiliated with any plaintiff in any other action against the DaimlerChrysler Defendants relating to the subject matter of the Action.

31. "Released Defendants' Claims" means any and all claims (including "Unknown Claims" as defined in ¶34 below), which have been or could have been asserted, whether under state, federal, common or administrative law by the Released Defendant Parties (as defined in ¶32 below) against the Released Plaintiff Parties (as defined in ¶33 below), relating to the institution, prosecution or settlement of the Action.

32. "Released Defendant Parties" means the DaimlerChrysler Defendants and each of their parent entities, affiliates, subsidiaries, predecessors, successors or assigns, and each of their past, present or future officers and directors (including Hilmar Kopper, members of DaimlerChrysler's Supervisory Board (Aufsichtsrat), Management Board (Vorstand) and Shareholder Committee (formerly known as the Integration Committee)), associates, stockholders, controlling persons, representatives, employees, attorneys, accountants, underwriters, financial or investment advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, personal representatives, estates or administrators.

33. "Released Plaintiff Parties" means any Lead Plaintiff, Class Member, Lead Counsel and all of their past, present or future officers, directors, associates, stockholders, controlling persons, representatives, employees, attorneys, underwriters, financial or investment advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, personal representatives, estates or administrators.

34. "Unknown Claims" means any and all Released Claims which any Lead Plaintiff in the Action or any Class Member does not know to exist in his, her or its favor at the time of the release of the Released Defendant Parties, and any Released Defendants' Claims which any Defendant does not know to exist in his, her or its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims and Released Defendants' Claims, the Settling Parties stipulate and agree that upon the Effective Date, the Lead Plaintiffs in the Action and the Defendants shall expressly, and each Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Lead Plaintiffs in the Action and Defendants acknowledge, and other Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendants' Claims was separately bargained for and was a key element of the Settlement.

35. "Effective Date" means the first day following the date on which the Judgment is finally affirmed on appeal or the time for any petition for reargument, appeal, or review, by *certiorari* or otherwise, has expired.

PLAN OF ALLOCATION

36. This proposed plan of allocation is the product of Lead Counsel's investigation and discovery, and consultation with their damage expert, and has been approved by the Court-appointed Lead Plaintiffs. The allocation of the Net Settlement Fund (the Settlement Amount of \$300 million plus interest, less any Notice and Administration Costs, attorneys' fees, expert fees, or other costs and expenses approved by the Court) among Chrysler shares exchanged by Class Members¹ and DaimlerChrysler shares purchased by Class Members during the Class Period is based upon the

¹As set forth in ¶¶2-4 above, Persons excluded from the Class are: Foreign Investors, Defendants, all of the officers and directors of DaimlerChrysler, members of each of their immediate families, and each of their legal representatives, heirs, predecessors, successors, and assigns, and any entity in which any of the foregoing has a controlling interest. "Foreign Investors" is defined as all Persons who purchased or acquired their shares of Chrysler and/or DaimlerChrysler on or through a securities exchange not based in the United States, unless such Person is a citizen or a resident of the United States. The exclusion of "officers and directors of DaimlerChrysler" from the Class means past and present members of DaimlerChrysler's Management Board, Supervisory Board and Shareholders Committee, also known as the Integration Committee.

relative damages suffered by the two groups of Class Members and the likelihood of recovery of each group in the event the case were to proceed to trial.

37. The proposed plan of allocation reflects Lead Plaintiffs' contention that Defendants violated the Federal Securities Laws by issuing a materially false and misleading Proxy/Prospectus and by issuing other publicly disseminated documents both prior to the Merger and during the Class Period, all of which perpetuated the misrepresentation that the Merger was a "merger of equals". The Defendants deny that they made any material misrepresentations or omitted to disclose any material information and assert that Defendants are not liable to Lead Plaintiffs for anything. Without admitting any liability, the Defendants further contend that even if liability were shown, the Lead Plaintiffs suffered no compensable damages. Defendants assert that the consideration received by the Chrysler shareholders in the Merger was fair and that the prices of DaimlerChrysler common stock were not inflated artificially during the Class Period, and that the prices of its securities reflected market valuations prevalent at that time. Defendants further contend that the decrease in the prices of DaimlerChrysler stock was explained and caused, in whole or substantial part, by other, non-actionable factors and causes outside the control of the Defendants and not by any alleged fraud. The Defendants take no position as to any proposed plan of allocation and disclaim any endorsement of the plan of allocation proposed by Lead Plaintiffs herein. The Court has not made any finding that Defendants are liable to Lead Plaintiffs or the Class or that Lead Plaintiffs have suffered any compensable damages.

38. Accordingly, the Net Settlement Fund shall be allocated among Chrysler shares exchanged by Class Members and DaimlerChrysler shares purchased by Class Members during the Class Period, as follows: (i) 95.833% of the Net Settlement Fund shall be allocated to claims on behalf of Chrysler shares exchanged by Class Members pursuant to the Merger (the "Exchanger Settlement Amount"); and (ii) 4.167% of the Net Settlement Fund shall be allocated to claims on behalf of DaimlerChrysler shares purchased by Class Members during the Class Period (the "Purchaser Settlement Amount"). Each amount shall be distributed to Authorized Claimants depending on whether they are Exchangers and/or Purchasers, in the following manner, subject to final approval of the Court:

- a. The Exchanger Settlement Amount shall be allocated among all Chrysler shares exchanged on the Merger for which timely and valid Proofs of Claim have been submitted by Class Members ("Authorized Claimants") so that each such Authorized Claimant shall receive the same amount per share. Therefore, the "Recognized Claim" of each Authorized Claimant submitting a claim for Chrysler shares exchanged on the Merger shall be the Exchanger Settlement Amount multiplied by the number of Chrysler shares exchanged on the Merger by that Authorized Claimant divided by the total number of Chrysler shares exchanged by all Authorized Claimants.
- b. The Purchaser Settlement Amount shall be allocated among all DaimlerChrysler shares purchased during the Class Period by Authorized Claimants as follows:
 - (i) For each share of DaimlerChrysler stock purchased on the open market during the Class Period which an Authorized Claimant continued to hold as of the close of trading on November 17, 2000 (the end of the Class Period), the Recognized Claim shall be the lesser of: "Lead Plaintiffs' Estimated Inflation per Share" on the date of purchase of the DaimlerChrysler stock, as shown on Schedule A to this Notice; or the difference, if a positive number, between (x) the purchase price paid (excluding commissions and fees) and (y) the greater of either (a) \$43.90 per share;² or (b) if sold on or before February 15, 2001 (the end of the statutory 90-day lookback period)³, the proceeds received on sale (net of commissions and fees). If either (a) or (b) is a gain, there shall be no Recognized Claim from that transaction.
 - (ii) For each share of DaimlerChrysler common stock purchased on the open market during the Class Period that an Authorized Claimant sold at a loss prior to the close of trading on November 17, 2000, the Recognized Claim shall be equal to **the lesser of**⁴ (a) the difference, if a loss, between (x) the "Lead Plaintiffs' Contention Of The Estimated Inflation Per Share" on the date of purchase of the DaimlerChrysler common stock during the Class Period and (y) the "Lead Plaintiffs' Contention Of The Estimated Inflation Per Share" on the date of sale of the DaimlerChrysler common stock; **or** (b) the difference, if a positive number, between (x) the purchase price paid (excluding commissions etc.) and (y) the proceeds received on sale (net of commissions etc.). If either (a) or (b) is less than or equal to zero ("0"), there shall be no Recognized Claim from that transaction.
 - (iii) Copies of the tables setting forth "Lead Plaintiffs' Contention Of The Estimated Inflation Per Share" on a daily basis during the time Period, November 13, 1998 through and including November 17, 2000, are attached as Schedule A to this Notice, are available on the website at www.daimlerchryslersecuritieslitigation.com.
 - (iv) The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" or "payment" date. The receipt or grant by gift, devise or operation of law of DaimlerChrysler stock during the Class Period shall not be deemed a purchase or sale of DaimlerChrysler stock for the calculation of an Authorized Claimant's Recognized Claim nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment. The receipt of DaimlerChrysler stock during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase of DaimlerChrysler stock.

²This is the mean trading price for DaimlerChrysler common stock for the 90-day period following the end of the Class Period.

³The 90-day lookback period is the 90-day period following the close of the Class Period. The use of the 90-day lookback period in calculating damages in securities cases is mandated by the Federal Securities Laws.

⁴For the purposes hereof, the lesser of two loss figures is the number closer to zero. Thus, for example, comparing a loss of \$5.00 to a loss of \$10.00, the \$5.00 loss is the lesser loss.

- (v) For Authorized Claimants who made multiple sales or multiple purchases of DaimlerChrysler shares during the Class Period, the first in, first out ("FIFO") method will be used in calculating the Recognized Claim (*i.e.*, the earliest subsequent sale of each security shall be matched with the earliest purchase of such security and chronologically thereafter for purposes of the claim calculations). All sales of shares of DaimlerChrysler obtained from the Exchange shall be excluded from the calculation of the Recognized Claim. All profits determined on a FIFO basis shall be subtracted from the total of all losses determined on a FIFO basis from all transactions in DaimlerChrysler shares during the Class Period to determine if an Authorized Claimant has a Recognized Claim. Only if an Authorized Claimant had a net loss on transactions in DaimlerChrysler stock during the Class Period, after the total of such profits are subtracted from the total of such losses, will such Authorized Claimant be eligible to receive a distribution from the Purchaser Settlement Amount.
- (vi) Each Authorized Claimant who has a Recognized Claim on his, her or its transactions in DaimlerChrysler shares during the Class Period shall be allocated a *pro rata* share of the Purchaser Settlement Amount based on his, her or its Recognized Claim compared to the Total Recognized Claims of all Authorized Claimants. Each such Authorized Claimant shall be paid an amount determined by multiplying his, her or its "Recognized Claim" by a fraction the numerator of which shall be the Purchaser Settlement Amount Fund and the denominator of which shall be the Total Recognized Claims of all Authorized Claimants.

39. The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Class Member on equitable grounds.

40. Class Members who do not file acceptable Proofs of Claim will not share in the settlement proceeds. Class Members who do not submit an acceptable Proof of Claim will nevertheless be bound by the Settlement(s) and the Order(s) and Final Judgment(s) of the Court dismissing this Action.

41. Checks will be distributed to Authorized Claimants after the Effective Date of the Settlement and after all claims have been processed. If any funds remain from the Purchaser or Exchanger Settlement Amounts by reason of uncashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Funds cash their checks, any balance remaining in the Exchanger or Purchaser Settlement Amounts one (1) year after the initial distribution of such funds shall be re-distributed, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution, to Authorized Claimants from their respective funds who have cashed their checks and who would receive at least \$10.00 from such re-distribution. If after six months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Lead Counsel.

PARTICIPATION IN, OR EXCLUSION FROM, THE ACTION

How To Remain A Class Member

42. IF YOU ARE NOT A FOREIGN INVESTOR AND YOU (1) EXCHANGED SHARES OF CHRYSLER FOR SHARES OF DAIMLERCHRYSLER IN CONNECTION WITH THE NOVEMBER 1998 MERGER OF CHRYSLER AND DAIMLER-BENZ, AND/OR (2) PURCHASED OR ACQUIRED SHARES OF DAIMLERCHRYSLER IN THE OPEN MARKET FROM NOVEMBER 13, 1998 THROUGH NOVEMBER 17, 2000, AND WISH TO REMAIN A MEMBER OF THE CLASS, YOU NEED NOT TAKE ANY FURTHER ACTION AT THIS TIME. You will be considered a Class Member and you will be represented by Lead Counsel:

Vincent R. Cappucci
Johnston de F. Whitman, Jr.
ENTWISTLE & CAPPUCCI LLP
299 Park Avenue, 14th Floor
New York, NY 10171
(212) 894-7200

Jay W. Eisenhofer
Geoffrey C. Jarvis
Abbott A. Leban
GRANT & EISENHOFER, P.A.
1201 N. Market Street, Suite 2100
Wilmington, DE 19801
(302) 622-7000

Daniel L. Berger
Darnley D. Stewart
Rochelle Feder Hansen
BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
1285 Avenue of the Americas
New York, NY 10019
(212) 554-1400

Jeffrey W. Golan
Jeffrey A. Barrack
David E. Robinson
BARRACK RODOS & BACINE
3300 Two Commerce Square
2001 Market Street
Philadelphia, PA 19103
(215) 963-0600

43. As a Class Member, you will be bound by any judgment, whether favorable or unfavorable, entered in the Action. Accordingly, you will be eligible to participate in the Settlement with the Defendants described herein. You also will be bound by any unfavorable judgment which may be rendered against the Class if the Settlement is not approved by the Court.

44. If you are a Class Member you will not, under any circumstances, be asked to pay out-of-pocket any fees to Lead Counsel, or to pay out-of-pocket any of the costs of the litigation, regardless of whether the case results in a judgment favorable to Defendants, or unfavorable to Defendants. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for an award of attorneys' fees and expenses which will, upon approval of the Court, be paid out of the proceeds of any settlement or judgment against Defendants that may be obtained.

45. If you do not request exclusion from the Class, you may enter an appearance in this Action individually, or through counsel of your choice, at your expense and have all the rights and obligations set forth in Rule 23 of the Federal Rules of Civil Procedure. If this is your choice, you must notify Lead Counsel that you will be either representing yourself or be represented by your personal attorney and any such notice must be given in writing and must be filed with the Court. However, such an appearance is not required, and if you elect not to appear personally, have your attorney

appear for you, or do not have a personal attorney, you will continue to be represented by Lead Counsel.

How To Be Excluded From The Class

46. YOU WILL BE EXCLUDED FROM THE CLASS ONLY UPON SPECIFIC WRITTEN REQUEST AS DESCRIBED BELOW. If you request to be excluded, you will not be entitled to share in the proceeds of any recovery obtained by the Lead Plaintiffs by settlement or favorable judgment in the Action, including the Settlement with the Defendants described in this Notice. You also will not be bound by any judgment in favor of either the Lead Plaintiffs or Defendants.

47. You may be excluded from the Class by timely mailing a written Request for Exclusion, POSTMARKED ON OR BEFORE November 21, 2003, to: DaimlerChrysler AG Securities Litigation, c/o The Garden City Group, Inc., Attn: Exclusion Department, PO Box 9000 #6155, Merrick, NY 11566-9000.

48. Your Request for Exclusion should include your name (and the name of any joint owner of the stock), your address, the number of shares of Chrysler stock exchanged on the Merger and/or number of DaimlerChrysler shares purchased and sold by you during the Class Period, the date(s) of such purchase(s) and sale(s) and the price paid and received, and should specifically state that you request to be excluded from the Class in the Action. Each individual requesting exclusion must personally sign a Request for Exclusion. In the case of a corporation or partnership requesting exclusion, an officer of the corporation or general partner must sign a Request for Exclusion.

THE PROOF OF CLAIM AND RELEASE

49. Each person wishing to participate in the distribution of the Net Settlement Fund must timely submit a valid and separate Proof of Claim and Release (the "Proof of Claim"), POSTMARKED ON OR BEFORE MARCH 31, 2004, to: DaimlerChrysler AG Securities Litigation, c/o The Garden City Group, Inc., Claims Administrator, P.O. Box 9000 #6155, Merrick, NY 11566-9000. Further, each Proof of Claim must be supported by such documents specified in the Proof of Claim as are reasonably available to the claimant. The Proof of Claim includes the releases set forth above. Any member of the Class who fails to submit a Proof of Claim by MARCH 31, 2004, and who does not exclude himself, herself or itself from the Class, shall be forever barred from receiving any payments pursuant to the Settlement described herein, but in all other respects will be subject to and bound by the provisions of any judgment entered, including but not limited to the releases included therein. This means that if the Settlement is approved by the Court, each Class Member will be deemed to have released the Released Claims against the Released Defendant Parties and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Claims against the Released Defendant Parties regardless of whether or not such Class Member submits a Proof of Claim.

50. The Court has reserved jurisdiction to allow, disallow or adjust on legal or equitable grounds the claim of any Class Member. Payment pursuant to the Plan of Allocation shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Counsel or the Claims Administrator or other agent designated by Lead Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation or further orders of the Court. Defendants and Defendants' Counsel shall have no liability, obligation or responsibility for providing notice to the Class, the administration of the Settlement, the allocation of the Settlement proceeds or the reviewing or challenging of any Proofs of Claim of members of the Class.

ATTORNEYS' FEES, COSTS AND EXPENSES OF LEAD COUNSEL

51. At the conclusion of the Settlement Hearing described herein, Lead Counsel will apply to the Court for an award of attorneys' fees not to exceed twenty-two and one half percent (22.5%) of the Settlement Amount. In addition, Lead Counsel will seek reimbursement of expenses (which include the fees and/or expenses of Plaintiffs' experts or consultants) from the Settlement Amount, in an amount not to exceed \$4,400,000, which were advanced or incurred in connection with the prosecution of the Action. Class Members are not personally liable for any such fees or expenses.

52. To date, Lead Counsel have not received any payment for their services in prosecuting the Action on behalf of Lead Plaintiffs and the other members of the Class, nor have counsel been reimbursed for their out-of-pocket expenses. The fee requested by Lead Counsel would compensate them for their efforts in achieving the Settlement described herein for the benefit of Class Members, and for their risk in undertaking this representation on a contingency basis. The fee requested is within the range of fees awarded to plaintiffs' counsel under similar circumstances in actions of this type.

53. Any award of attorneys' fees and expenses to Lead Counsel shall be paid exclusively from the Settlement Fund. The procedure for any award of attorneys' fees and expenses, including the fees and expenses of experts and consultants, and the allowance or disallowance by the Court thereof, is not a condition of the Settlement. Further, Lead Counsel shall request that their application for an award of attorneys' fees and expenses be considered by the Court separately from the Court's consideration of the fairness and adequacy of the Settlement. Any order or proceedings relating to such request, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate the Settlement or affect release of the Released Claims against the Released Defendant Parties. The finality of the Settlement shall not be conditioned on any ruling by the Court or any appeal of any such ruling, concerning Lead Counsel's application for attorneys' fees and expenses.

YOUR RIGHTS AS A CLASS MEMBER TO BE HEARD

54. IF YOU DO NOT WISH TO OBJECT TO THE PROPOSED SETTLEMENT, THE FEE AND EXPENSE APPLICATION, AND/OR THE PROPOSED PLAN OF ALLOCATION, YOU NEED NOT APPEAR OR REQUEST TO BE HEARD AT THE SETTLEMENT HEARING.

55. The Settlement Hearing will be held on December 5, 2003 at 1:00 p.m. in Courtroom 12C before the Honorable Joseph J. Faman, Jr., at the J. Caleb Boggs Federal Building, 844 King Street, Wilmington, DE 19801, for the purpose of: (i) determining whether the Settlement should be approved as fair, reasonable and adequate to the Class Members, and whether a judgment should be entered dismissing the Action and the Released Claims against the Released Defendant Parties with prejudice; (ii) determining whether the proposed plan of allocation is fair and reasonable and should be approved; and (iii) considering Lead Counsel's application for an award of attorneys' fees and payment of costs and expenses.

56. Any Class Member who wishes to be heard concerning: the Settlement, the Judgment to be entered thereon, the proposed plan of allocation, and/or the application by Lead Counsel for attorneys' fees and payment of expenses, and who has not submitted a Request for Exclusion, may appear and/or request to be heard at the Settlement Hearing. Any such person must deliver by hand or send by first class mail, postage prepaid,

their position together with all supporting papers, such that they are received on or before November 21, 2003, to Lead Counsel:

Vincent R. Cappucci
Johnston de F. Whitman, Jr.
ENTWISTLE & CAPPUCCI LLP
299 Park Avenue, 14th Floor
New York, NY 10171
(212) 894-7200

Jay W. Eisenhofer
Geoffrey C. Jarvis
Abbott A. Leban
GRANT & EISENHOFER, P.A.
1201 N. Market Street, Suite 2100
Wilmington, DE 19801
(302) 622-7000

Daniel L. Berger
Darnley D. Stewart
Rochelle Feder Hansen
BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
1285 Avenue of the Americas
New York, NY 10019
(212) 554-1400

Jeffrey W. Golan
Jeffrey A. Barrack
David E. Robinson
BARRACK RODOS & BACINE
3300 Two Commerce Square
2001 Market Street
Philadelphia, PA 19103
(215) 963-0600

and to Defendants' Counsel:

Jonathan J. Lerner
Lea Haber Kuck
Joseph N. Sacca
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Four Times Square
New York, NY 10036

and must file such papers, showing proof of service upon all counsel identified above, with the Clerk of the United States District Court for the District of Delaware, J. Caleb Boggs Federal Building, 844 N. King Street, Wilmington, DE 19801, on or before November 21, 2003.

57. The filing must demonstrate your membership in the Class, including your name (and the name of any joint owner of the stock), your address, the number of shares of Chrysler stock exchanged on the Merger and/or the number of DaimlerChrysler shares purchased and sold by you during the Class Period, the date(s) of such purchase(s) and sale(s) and the price(s) paid and received. Only Class Members who have submitted their position in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise. You may file your position without having to appear at the Settlement Hearing.

58. ANY CLASS MEMBER WHO DOES NOT OBJECT IN THE MANNER DESCRIBED HEREIN WILL BE DEEMED TO HAVE WAIVED ANY OBJECTION, AND SHALL FOREVER BE FORECLOSED FROM MAKING ANY OBJECTION TO THE FAIRNESS, ADEQUACY OR REASONABLENESS OF THE SETTLEMENT, THE JUDGMENT TO BE ENTERED ON IT, THE PLAN OF ALLOCATION, OR LEAD COUNSEL'S FEE AND EXPENSE APPLICATION.

NOTICE TO BANKS, BROKERS OR OTHER NOMINEES

59. If you exchanged Chrysler shares for DaimlerChrysler stock in connection with the Merger and/or purchased DaimlerChrysler shares on the open market during the Class Period as a nominee for the benefit of a member of the Class, you are directed to send a copy of this Notice and the Proof of Claim to all beneficial owners of the shares, postmarked no later than ten (10) calendar days from the date you received this Notice, or to provide the names and addresses of such persons no later than ten (10) calendar days from the date you received this Notice, to the Claims Administrator at DaimlerChrysler AG Securities Litigation, c/o The Garden City Group, Inc., PO Box 9000 #6155, Merrick, NY 11566-9000, in which case the Claims Administrator will promptly mail the Notice and Proof of Claim to such beneficial owners or you may visit the website at www.daimlerchryslersecuritieslitigation.com. You may receive reimbursement for your reasonable and actual out-of-pocket disbursements that would not have been made but for this request upon submission of an itemized statement to the above-referenced address.

FURTHER INFORMATION

60. All inquiries regarding this Action, other than Requests for Exclusion or requests for additional copies of this Notice, should be made in writing, addressed to Lead Counsel at the addresses set forth above. Additional copies of this Notice and the accompanying Proof of Claim may be obtained from the Claims Administrator at DaimlerChrysler AG Securities Litigation, c/o The Garden City Group, Inc., P.O. Box 9000 #6155, Merrick, NY 11566-9000, or downloaded from the following web site: www.daimlerchryslersecuritieslitigation.com.

61. The pleadings and other records of the Action may be examined and copied at any time during regular office hours at the Office of the Clerk, United States District Court, District of Delaware, J. Caleb Boggs Federal Building, 844 N. King Street, Wilmington, DE 19801.

DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF THE COURT FOR INFORMATION OR ADVICE.

Dated: October 6, 2003

BY ORDER OF THE COURT
HONORABLE JOSEPH J. FARNAN, JR.