

**Address by the Chairman of the Board of Management
at the Annual Press Conference of Daimler AG**

Stuttgart,

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Check against delivery!

I. Introduction

Ladies and gentlemen,

Welcome to our first annual press conference as “Daimler”. Not only is our name new, we are a different company as well – and I believe we can also say a stronger company.

On the one hand, we’re building on our traditional strengths:

- outstanding premium passenger cars,
- first-class trucks, vans, and buses,
- and comprehensive financial services for these products.

On the other hand, we aim to exploit targeted new opportunities for growth.

We have a successful year behind us – and we are optimistic that, despite some difficult market conditions, the year ahead will be successful, too.

II. Group Overview

The numbers tell the story: in 2007 we posted revenues of 99.4 billion euros and an operating profit of 8.7 billion euros. Our EBIT was significantly higher than in 2006 and higher than our target of at least 8.5 billion euros. Despite the financial burdens associated with the demerger from Chrysler, our net profit was higher than in the previous year. This shows just how much we’ve improved our operations.

We will share our success with our shareholders. We recommend a dividend of 2 euros per share for 2007 – that's an increase of about one-third. At the same time, we intend to continue our share buyback program.

The employees of Daimler AG will receive a profit-sharing bonus of 3,750 euros – that’s almost twice as much as in previous years. It’s also meant to show our appreciation of our workforce, whose know-how and commitment have played a major role in our operational successes and for getting Daimler off to an excellent start.

For us, 2007 was a crucial year that set our course for the future. We

- clearly defined our strategic focus within the Group and in our individual divisions;
- sold our majority share in Chrysler and thus significantly reduced our risk exposure;
- set ambitious financial goals for all of our business operations;
- substantially improved our profitability;
- made considerable progress on the road to sustainable mobility;
- made our organization faster and more effective;
- further optimized our net assets by selling real estate holdings;
- and laid the foundation for a “high-performance culture”.

All of our business operations are running well, some very well:

- At Mercedes-Benz Cars we sold a record number of vehicles despite a difficult market environment. At the same time, we significantly increased our Return on Sales.
- Daimler Trucks, in spite of the massive market downturns in Japan and the U.S., was more profitable than last year – and that was a good year.
- Mercedes-Benz Vans set a new sales record and significantly increased its profitability.
- Daimler Buses once again posted increased sales and set a benchmark for profitability.
- And our services subsidiary Daimler Financial Services posted a 14.8% Return on Equity in spite of the high costs of setting up a new NAFTA organization – a move that was necessary following the separation from Chrysler Financial.

To sum up, we can say that Daimler is on track, and we're stepping on the gas.

I'll back that up with some facts on each of our businesses.

III. Mercedes-Benz Cars

Mercedes-Benz Cars posted a 9.1% Return on Sales in 2007 and was thus considerably more profitable than in the last few years. We aim to do even better in the future by achieving an average Return on Sales of 10% by 2010 at the latest.

To this end, we will continue to systematically improve our efficiency. We plan to expand on a regional basis and to continuously improve our products' quality. And, of course, we intend to not only win over our customers on a rational level but also to fascinate them by appealing to their emotions.

In terms of efficiency, we'll maintain our rapid pace. We will continue to successively implement the principle of modularization. In short, that means wherever unique components don't contribute recognizable added value we'll standardize across the board. That way we'll reduce complexity: the opportunity for error drops, quality will be enhanced – and costs will fall. We also aim to continue improving our productivity: in 2006 we increased productivity by 12%, and last year we increased it by another 10%. In the coming years we will top those figures by an additional 10 to 15%, depending on the model series.

But we don't just aim to become more efficient – we also want to grow profitably and open up new markets. The “car with the star” also has a great reputation in the large growth markets: in Russia we increased our sales by 61% last year; in India we were up 17%, and in China we achieved a 64% increase.

We aim to now write the next chapters in these success stories: In India, we're building a new plant near our production facility in Pune. In our new plant in Beijing we've been assembling the C-Class since last October; the market launch is planned for this March. In Russia we've opened the world's second-largest Mercedes-Benz Brand Center.

The quality of our vehicles improved considerably last year – according to all of the quality surveys. J.D. Power's “Initial Quality Study” now puts us in 5th place – that's 20 places higher than in 2006. Even though 2007 wasn't an Olympic year, J.D. Power has already presented Mercedes-Benz with six gold medals and one silver medal.

Nonetheless, we are still not satisfied with these achievements. We want to lead the way – because the quality of our vehicles is a crucial element of our success. For Mercedes-Benz there can be only one goal: be “Number 1” – in terms of product quality and customer satisfaction.

We aim to appeal to our customers’ emotions as well, and we’ve got the right products for that – both on the road and in the pipeline. Today, our new C-Class sedan is the market leader in its segment and, according to the German auto club ADAC, it's the most popular car in Germany. In January we sold more than twice as many units of the C-Class sedan and station wagon than in January of the prior year. The E-Class is the most popular company car. And the S-Class has left its competitors far behind. Sales of the new smart are also booming. Never before have our January sales of the smart been as high as they were in 2008. And as of January smart has also been available in the U.S. All in all, the response has been excellent.

In the next two years we’re going to launch a whole series of new products: in 2008 alone we’ll introduce two new and six updated models to the market. The new CLC will appeal to customers who want to drive an entry-level member of the Mercedes-Benz coupe family. The GLK will expand our product portfolio and offer our customers a newly developed SUV in a compact package.

What’s more, in the course of the year we will introduce the new generation of our roadster icon, the SL. And we’ll also update a number of other models: the A- and B-Class, the M-Class, the CLS, and the SLK, which was already shown in Detroit.

In addition, we’ll offer no fewer than 20 models optimized for fuel efficiency in 2008 alone. They’re on Mercedes-Benz Cars’ “Road to the Future,” which we introduced at the IAA. I’ll come back to that later. In 2009 we’ll follow all that up with the new E-Class as well as the new CLK and the updated S-Class and GL-Class.

In sum, our product pipeline is full. Mercedes-Benz Cars is on the right track. We’ve done our homework, and we are looking forward to the future.

IV. Daimler Trucks

And now let’s move on to Daimler Trucks. Here too, the situation looks good! In 2007 we proved that our “management of market cycles” works: for the first time ever, our truck business was consistently in the black, despite a downturn in the market.

In spite of dramatic market declines in the U.S. and Japan, our Trucks division not only stayed profitable but even bettered the results of what was a good year 2006 with EBIT of 2.1 billion euros and a Return on Sales of 7.5%.

This success was thanks to the exceptionally well-running Mercedes-Benz business in Europe and Latin America. That's another reason why we’ve raised our Return on Sales target from 7 to 8% – and starting in 2010 we’ll make that our average through the entire market cycle.

We aim to achieve this goal through the consistent continuation of our “Global Excellence” program.

The first lever here is the “management of market cycles” that I've already mentioned. Last year the Japanese market shrank by 18%, while the NAFTA market plummeted by 33%. In the segment of Class 8 heavy-duty trucks, which is especially important for us, the market declined by approximately 40%. In spite of that, we were in the black at Trucks Asia and Trucks NAFTA.

The second lever of our “Global Excellence” program is efficiency through standardization of our products and processes worldwide. One example of this is our Heavy Duty Engine Platform, 90% of which consists of shared parts. This single platform replaces four engine families. We introduced it last year, and next April it will celebrate its premiere on the road in the Freightliner Cascadia.

We are also focusing more sharply on growth markets, our third lever within the framework of Global Excellence. The so-called BRIC markets offer great potential for further consolidating our position as the global market leader. Our sales in the BRIC markets increased by 29% last year – and we plan to build on this success:

- In Brazil we are building on our market leadership;
- in Russia we are validating the case for local production;
- in India we will implement a joint venture with the Hero Group;
- and in China we plan a cooperative effort with local manufacturer Foton.
- Our business in Eastern Europe is also very successful.

In addition, we are tailoring our range of services more strongly to our customers' needs as part of our Global Excellence program. At Mercedes-Benz Trucks in Europe, we refer to this approach as “Truck Dedication”. Specific steps include:

- establishing easily accessible service centers – in other words, at locations near highways,
- providing trucker-friendly services and opening hours – that means, on weekends as well,
- and offering a range of services that does full justice to the brand with the star.

It goes without saying that we plan to continue winning over our truck customers with exciting new products – that's the fourth lever of “Global Excellence”. In 2007 we launched the Freightliner Cascadia, the Fuso Super Great, and the Unimog U20.

The big highlight in 2008 will be the new Actros – our flagship model and also the best-selling heavy-duty truck in Europe. The launch of the Mercedes-Benz Atego and the Fuso Eco Canter will make us the first European truck maker to introduce two limited production hybrid trucks, both of which combine low emissions and economy.

All of this shows that Daimler Trucks is in excellent shape. Business is running smoothly and has remained robust despite market downturns. Our goal now is to stay on course.

The high demand for our vehicles has also had a positive impact on employment: at Daimler Trucks we will create more than 1,300 jobs in Germany this year. We will also invest approximately 150 million euros in the expansion of our plants.

To sum things up, Daimler Trucks is right on track.

V. Mercedes-Benz Vans and Daimler Buses

Our Mercedes-Benz vans also set a new sales record in 2007 and increased our profitability. Our Sprinter production is at full capacity. Last year we launched the new Freightliner Sprinter in the U.S., and we are following this up in Europe this year with the new special edition Viano X-CLUSIVE and the Sprinter NGT with compressed natural gas drive.

We will further enhance our van production efficiency in 2008. At the same time we'll also expand our production capacity. At the end of October we laid the corner stone for a new van production plant in Fuzhou, China. Here, too, we aim to take advantage of this booming market.

We remain the world market leader in buses. Positive developments in Latin America more than offset downturns in several core markets. We aim to expand our lead by adding a series of new products. New products for 2007 included our high-capacity "CapaCity" regular service bus, our new "Conecto" intercity bus, and the "Orion VII" hybrid urban bus.

New York's Metropolitan Transportation Authority has ordered an additional 850 Orion VII buses this year, bringing its total fleet of Orion hybrid buses to nearly 1,600 units. Starting in 2010, nearly half of the MTA's buses will be Orion models. This consolidates our global market leadership in the hybrid bus segment. This year will also see the launch of the new Setra "TopClass 400" in the European and North American markets. There's little more I need to add here, as the name of this bus speaks for itself.

Daimler Buses remains the benchmark for profitability in the bus sector. We plan to maintain this position by continuing our product offensive in Europe, strengthening our position in growth markets, and further consolidating our leadership in alternative drive systems.

VI. Daimler Financial Services

The importance of our financial services business was confirmed once again in 2007. You've already heard how effectively it has supported our vehicle sales. Our Return on Equity even fell within our range of expectations – despite our having to overcome two considerable challenges resulting from the demerger from Chrysler: First, because of the sale of our majority share in Chrysler, our contract volume decreased by a higher percentage than our costs. And second, the creation of a new organization in the U.S. resulted in considerable costs.

Nonetheless, our Return on Equity was 14.8% last year. And also over the long term, we aim to achieve an RoE in excess of 14%. Numerous awards in the U.S., Brazil, and several European countries illustrate just how satisfied customers and dealers are with our financial services.

With the motto "Captive No.1" we're striving to become the world's leading captive financial services company. As we pursue this goal, we are focusing on two areas: First, we aim to develop homogeneous product architecture, become faster and more flexible through process standardization, and harmonize our IT systems throughout the world.

Second, we are increasing our market penetration and strengthening our global presence. The financial services business still offers promising growth opportunities, for example, in the insurance and fleet management sectors. We are also expanding our range of services around the world in order to effectively support our vehicle brands' global sales. In Russia, for example, we became in 2007 the first foreign automaker to establish its own bank and leasing company. In China we've substantially built up our finance portfolio. We are evaluating our market-entry options for other countries as well.

On the whole, our financial services business is also developing in a stable and positive manner. What's more, our proven risk management system will ensure that this remains the case despite the current market turbulence. Daimler Financial Services therefore remains a key pillar of our business.

VII. Interim Assessment

This brief overview shows that we've achieved a great deal – at the Group level and in each of our business areas. Nevertheless, it is clear that we cannot – and we will not – simply sit back and relax. Instead, our motto is to “stay on course.” And that means safeguarding our successes on a long-term basis and making further progress.

VIII. Sustainable Mobility

We will further intensify our efforts in safety and sustainable mobility. As the inventor of the automobile and the truck, we are ideally equipped to meet the challenges arising from climate change. Our roadmap toward sustainable mobility consists of three main elements:

- First: continued optimization of internal combustion engines - with and without hybrid modules.
- Second: decreasing our dependence on fossil fuels through the use of alternative fuels.
- And third – as a long-term goal – emission-free driving with fuel cells.

We also have another long-term goal: accident-free driving. Daimler has traditionally been the Number 1 automaker when it comes to safety – and we aim to strengthen and expand this position by making further improvements to our safety systems.

The technological potential of gasoline and diesel engines is far from exhausted. We proved as much with a whole range of vehicles at the Frankfurt motor show last fall. One of them received more attention than any other vehicle at the event: our F700 “DiesOtto” – which combines the fuel economy of a diesel engine with the clean operation of a gasoline engine. In addition, our BLUETEC technology has enabled us to create the world's cleanest diesel vehicle. We'll employ this technology this year in a number of models that meet the stringent emission limits in all 50 U.S. states. The next step involves the introduction of hybrid BLUETEC vehicles. Thanks to our fuel-efficient BLUETEC technology - which we were the first manufacturer to introduce to the market in 2005 – our commercial vehicles are leading the way when it comes to environmental friendliness.

To sum up: we will further optimize internal combustion engines – both with and without hybrid options.

These efforts are accompanied by measures to prepare them for operation with alternative fuels – the second element of our roadmap. Our partnership with VW, Shell, and Choren focuses on second-generation biofuels, which are biomass-to-liquid, or BTL, fuels. There are many reasons for our cooperation with Choren: BTL vehicles are largely CO₂-neutral, they produce up to 50% lower particulate emissions and minimal emissions of aromatic hydrocarbons, and the raw materials required to make their fuel do not compete with food crops for cultivation space.

The third milestone on our roadmap involves emission-free driving with batteries and fuel cells. We believe that a widespread market launch of fuel cell drives will be feasible sometime between 2012 and 2015. To this end, we have launched the “Automotive Fuel Cell Cooperation” together with Ford and Ballard Power Systems. As the majority shareholder, we are managing this company, which means that we can directly influence its technology and costs.

Today, we can say with confidence that Daimler has made more progress with fuel cell technology than any other automaker. We have the largest fuel cell test fleet of any manufacturer. Since 2005 these test vehicles have clocked some 3.7 million kilometres – that’s nearly ten times the distance to the moon. Currently, our fuel cell vehicles are undergoing winter tests at the Arctic Circle. Tests like these help to ensure that we can meet our customers’ requirements even under extreme conditions. In London, emission-free driving at the local level is already a reality: for several weeks now the first battery-powered smart fortwo vehicles have been out and about on the city’s streets.

In short, “Innovation for Sustainability” is our pledge – and we aim to live up to it.

At last year’s Frankfurt Motor Show, our Mercedes-Benz Cars’ “Road to the Future” defined clear milestones. In this and the coming years we’ll bring the following succession of technologies to the market: At Mercedes-Benz we’ll begin this year with BLUETEC in the ML-, GL- and R-Class. In 2009 we’ll follow up with our first hybrid models in the S- and ML-Class. In 2010 the S 300 BLUETEC Hybrid will arrive. In that same year, we will also begin limited production of a B-Class model equipped with a fuel cell drive.

In environmentally friendly trucks and buses Daimler is already far out in front: More than 100,000 Mercedes-Benz BLUETEC trucks are now on the road. In our Mitsubishi Fuso Eco Canter we have a hybrid truck in series-production. 1,500 hybrid buses produced by our U.S. brand Orion and a whole range of natural gas-powered bus models are already out on the road. The Mercedes-Benz Citaro BLUETEC Hybrid will be launched this year. And just four weeks ago we handed over the first Mercedes-Benz Atego BLUETEC Hybrid to customers.

Of course, all of this doesn’t mean that the challenges ahead are minor. On the contrary, they are enormous. But they can be overcome – and we have the strength to master them on our own. Nevertheless, we will of course look for ways to improve our situation – for example, through targeted cooperative projects for example. Such partnerships only make sense, however, if they generate clear added value for both parties.

At Daimler we take our responsibilities seriously, not only for the environment, but also for the communities in which we live and work.

- In 2007, for example, we once again trained more apprentices than we ourselves required. In total, we provide 40% of all the apprenticeship positions offered by German automotive manufacturers.
- We also systematically promote qualified women to management positions – by the way, the company’s Supervisory Board meanwhile has a female member.
- To make it easier for employees to reconcile career and family responsibilities, we are establishing daycare centers at all of our German locations.
- All of our corporate activities are guided by strict ethical standards. In 2007 alone, we provided compliance training for thousands of employees.

All of this shows that we are aware of our responsibilities – and act accordingly.

IX. Conclusion

What are our expectations regarding business developments in 2008 and the following years? At Mercedes-Benz Cars we aim to surpass the sales record we set in 2007. At Daimler Trucks we expect to see increasing unit sales in North America; and we aim to slightly increase our sales in Europe, Latin America, and Asia.

What will this mean for our earnings? At Mercedes-Benz Cars and Daimler Trucks, we anticipate further growth in earnings. At Financial Services, we’re confident that this year we can once again achieve an average Return on Equity of at least 14%. In line with the expectations of our divisions, we expect that Daimler Group’s EBIT for 2008 from continuing operations will clearly exceed the level reached in 2007. The results for 2007 included income from the transfer of shares in EADS and financial burdens due to Chrysler and the New Management Model.

Overall, we aim to achieve a 9% average Return on Sales in our automotive business throughout all market and product cycles.

Of course we know that the global economic environment has become more difficult, and we are aware of the related risks, including the clear slowdown of the U.S. economy, the turbulence in financial markets resulting from the U.S. mortgage crisis, the risks associated with global exchange rates – and the volatile situation of the raw materials markets.

Nonetheless, we expect to achieve our goals,

- because we have the right strategy,
- because we have the operational strength we need,
- and because we have the best and most dedicated workforce.

What’s more, we have a sufficiently conservative position in the financial services business and sufficiently high liquidity in our company to be largely independent of developments on the financial markets this year.

That’s why Daimler will once again move forward in 2008. We intend to be - and will be – the driving force for sustainable mobility.

Thank you very much!