With the conclusion of the sale of land and buildings at **Potsdamer Platz** in Berlin on February 1, 2008, the "assets held for sale" of €0.9 billion that were separately reported at the end of 2007 were derecognized. From this transaction, the Group received a cash inflow of €1.3 billion in the first quarter of 2008.

Provisions, which mainly comprise warranty, personnel and pension obligations, amounted to 15% of the balance sheet total. Due in particular to exchange-rate effects and the partial payment of the employee profit-sharing bonus, provisions decreased by €0.5 billion to €19.1 billion.

Financing liabilities decreased by €4.0 billion, primarily as a result of redeeming bonds as well as due to exchange-rate effects, whereas liabilities connected with the deposits from the direct banking business of the Mercedes-Benz Bank increased by €0.7 billion compared with the beginning of the year. Financing liabilities account for 39% of the balance sheet total.

Other financing liabilities decreased by €1.5 billion (-15%) to €8.6 billion. This change reflects lower accrued interest and liabilities from derivative financial instruments as well as falling liabilities related to the new management model.

The Group's equity decreased by €1.6 billion compared with December 31, 2007. The net profit of €1.3 billion partially offset the share buyback program and exchange-rate effects. The **equity ratio**, adjusted for the dividend payout for the year 2007 (€1.9 billion), was at the prior-year level of 26.9% at March 31, 2008. The equity ratio for the industrial business was 44.9% (December 31, 2007: 43.5%).

Workforce

At the end of the first quarter of 2008, 273,902 people were employed by Daimler worldwide (Q1 2007: 270,986). Of this total, 166,661 were employed in Germany and 24,108 were employed in the United States (end of Q1 2007: 165,753 and 25,114 respectively).

Changes in the Supervisory Board

On April 9, 2008, the Annual Meeting of Daimler AG elected Ms. Sari Baldauf and Dr. Jürgen Hambrecht as members of the Supervisory Board to succeed Mr. Earl G. Graves and Mr. Peter A. Magowan, who stepped down at the end of 2007. Following their court appointment in February 2008, Ms. Baldauf and Dr. Hambrecht have thus now also been appointed by the shareholders as members of the Supervisory Board for the period until the Annual Meeting in 2013.

Taking effect at the end of this year's Annual Meeting, Mr. Jörg Hofmann and Mr. Ansgar Osseforth are also new members of the Supervisory Board. They were elected as Supervisory Board members representing the employees by the employees' voting delegates on March 12, 2008. They succeed Mr. Wolf Jürgen Röder and Mr. Gerd Rheude and are also appointed until the Annual Meeting in 2013.

Completion of share buyback program

In exercise of the authorization granted by the Annual Meeting on April 4, 2007, the Board of Management and the Supervisory Board decided on a share buyback program on August 29, 2007.

By March 28, 2008, a total of 99,768,314 shares representing €267 million of the share capital had been bought back. This is equivalent to nearly 10% of the share capital at the time when the program was approved by the Annual Meeting. A total amount of €6.2 billion was applied to acquire the shares. 49.8 million shares of the total were bought back in the first quarter of 2008 for €2.7 billion. The shares were cancelled after being bought back without any reduction in the share capital.

On April 9, 2008, the Annual Meeting granted further authorization to buy back Daimler's own shares up to a maximum of 10% of the share capital.

Outlook

The statements made in the Outlook section of this Interim Report are based on the current assumptions of the Daimler management. In turn, these assumptions are based on the expectations for general economic developments described below, which are in line with appraisals made by renowned economic research institutions and the targets set by our divisions. Expectations for future business developments reflect the opportunities and risks arising from the market conditions and competitive situations as the year progresses.

With regard to existing opportunities and risks, we refer to the statements made in our Annual Report 2007 and the notes on forward-looking statements at the end of this Management Report.

For full-year 2008, Daimler assumes that the growth of the **world economy** will at first continue to lose impetus due to the currently rather unfavorable conditions, but that it should accelerate again towards the end of the year. This expectation is based on the assumption that the substantial interest-rate reductions and economic program initiated in the United States will prevent the US economy from entering a sustained slump, allowing an economic revival in the second half of the year. If the measures taken by the US Federal Reserve and the US government are effective, Japan and Western Europe should also maintain most of their current expansionary impetus. Overall growth in the emerging markets is likely to be slightly lower than last year at approximately 6.5%. In total, growth of 3% seems possible for the global economy from today's perspective (2007: 4.0%). The biggest individual risks for the achievement of this growth target are a deep recession in the United States and even sharper inflation of raw-material prices.

This less favorable economic situation than last year is also affecting the **motor-vehicle markets**. Expectations have worsened especially in the three major sales regions, and above all for the volume car segments. The premium segment, in which we are active, is usually less volatile – especially in the United States. It can be assumed that demand for automobiles will be significantly lower than in 2007 in the United States, will remain flat in Western Europe, and will rise only slightly in Japan. The emerging markets of Asia, Latin America and Eastern Europe are likely to remain the growth drivers of worldwide demand. Daimler anticipates a strong increase in demand for cars in these regions also in the year 2008. With regard to commercial vehicles, we expect moderate growth of the overall European market due to the robust development of demand for medium and heavy trucks. In the North American market, we do not see any signs of recovery at present. We therefore assume that a cyclical recovery of demand for trucks will commence at the earliest in the second half of the year – depending on economic developments. In Japan, we anticipate demand for commercial vehicles in full-year 2008 at the same level as in 2007. The commercial-vehicle markets of China, Southeast Asia and Eastern Europe should enjoy above-average growth.

Based on the divisions' planning, Daimler expects its **total unit sales** to increase in the year 2008 (2007: 2.1 million vehicles).

Despite the currently difficult overall market situation in the United States, Mercedes-Benz Cars expects to further increase its worldwide unit sales in 2008, thus surpassing the record level of the prior year. The full availability of the sedan and station-wagon versions of the new C-Class and of the new smart fortwo will make a decisive contribution to this development. Mercedes-Benz Cars expects to achieve a renewed increase in EBIT in 2008.

The Daimler Trucks division anticipates rising unit sales for full-year 2008. This will result on the one hand from the positive development of some Asian markets and on the other hand from higher unit sales in Europe – primarily due to the growth of markets in Eastern Europe. Based on these unit-sales expectations and the ongoing implementation of our Global Excellence program, we assume that the division's earnings in full-year 2008 will be higher than in the prior year.

Due to the strong demand for the Sprinter and the positive sales trend of the Vito/Viano, Mercedes-Benz Vans expects a significant increase in unit sales and a new unit-sales record in the year 2008. Daimler Buses also expects a continuation of strong demand and is therefore confident that it will match the high level of unit sales achieved in the prior year.

Daimler Financial Services anticipates a moderate increase in its business volume as the year progresses. Despite the expenses connected with setting up its own financial services organization in North America, Daimler Financial Services continues to assume that it will achieve a return on equity of at least 14% in full-year 2008.

We assume that the Daimler Group's **total revenue** will increase moderately in full-year 2008 (2007: €99.4 billion).

The **number of employees** at the end of the year is expected to be similar to the number a year earlier.

On the basis of the divisions' confirmed projections, in 2008 we expect the **Daimler Group** to post EBIT from ongoing operations of well above the prior-year level. Effects related to Chrysler are not included therein. In the year 2007, earnings included positive contributions in particular from the transfer of shares in EADS and negative contributions from Chrysler and related to the new management model.

Forward-looking statements in this Interim Report:
This interim report contains forward-looking statements that reflect our current views about future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should" and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an economic downturn or slow economic growth in important economic regions, especially in Europe or North America; the effects of the subprime crisis which could result in a weaker demand for our products particularly in the United States but as well in the European market; changes in currency exchange rates and interest rates; the introduction of competing products and the possible lack of acceptance of our products or services; price increases in fuel, raw materials, and precious metals; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the business outlook for Daimler Trucks, which may be affected if the U.S. and Japanese commercial vehicle markets experience a sustained weakness in demand for a longer period than expected; the effective implementation of cost reduction and efficiency optimization programs; the business outlook of Chrysler, in which we hold an equity interest, including its ability to successfully implement its restructuring plans; the business outlook of EADS, in which we hold an equity interest, including the financial effects of delays in and potentially lower volumes of future aircraft deliveries; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety, the resolution of pending governmental investigations and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading "Risk Report" in Daimler's most recent Annual Report and under the headings "Risk Factors" and "Legal Proceedings" in Daimler's most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made.