

Outlook

In light of the worsened financial market crisis and the resulting impact on future economic developments, forecasts are connected with a high degree of uncertainty in the current environment. In addition, it is not yet possible to reliably assess how quickly the action plans announced by various governments will contribute to the stabilization of markets for financial services and goods.

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. Expectations for future business developments reflect the opportunities and risks arising from prevailing market conditions and competitive situations.

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. During the year 2008 to date, and particularly in the third quarter, risks have increased substantially due to the financial market crisis, which has meanwhile spread to the entire global banking system and has caused substantial share-price falls on all major stock exchanges. As a result, the macroeconomic outlook has worsened significantly. On the other hand, prices of crude oil and other important raw materials fell during the third quarter, but some of these prices are still at very high levels. Currencies important to Daimler were highly volatile against the euro.

Daimler assumes that the development of the **world economy** will slow down significantly in full-year 2008 compared with 2007, due to the current financial market turmoil. All the available leading indicators suggest that the months ahead will be particularly difficult, especially in the industrialized countries. Investor and consumer uncertainty is hindering investment and consumption, particularly in the three major markets of Western Europe, the United States and Japan, so that the risk of even more unfavorable economic developments has increased perceptibly.

For full-year 2008, Daimler assumes that the worldwide **market for motor vehicles** will be significantly smaller than in 2007. Automotive markets will remain generally robust in the emerging economies of Asia, Eastern Europe and South America, although demand will develop less dynamically than in recent years. In the industrialized countries, however, overall demand will be far lower than last year.

Significantly fewer **cars** are likely to be sold in Western Europe than in 2007, with double-digit drops in some major markets, while the German market is expected to remain flat. The tense situation of the US economy will have severe consequences for the US automotive market. Demand for cars and light trucks will drop significantly this year. The Japanese car market is unlikely to match its prior-year volume. Due to unfavorable economic developments, the slowdown in growth in demand for cars is expected to continue in many emerging markets in the coming months.

Markets for **commercial vehicles** are unlikely to entirely escape this development, with a further weakening of demand expected for the major markets of the United States, Western Europe and Japan. The Western European market will be smaller than in 2007 as a result of the difficult economic situation. As a result of a massive downturn in investment following the current financial turmoil, during the rest of the year a significant drop in demand is also anticipated for the segment of heavy trucks, which could offset the growth achieved in the year to date. We expect a further substantial drop in sales across all truck segments in the United States. Demand for commercial vehicles is likely to fall also in Japan. We continue to anticipate strong growth in the emerging markets, however.

As a result of the negative market development and adjustments to its production program, Mercedes-Benz Cars expects unit sales to be similar to the prior-year level. There will be positive impetus from the full availability of the new C-Class sedan and station wagon and the new smart fortwo, as well as from the A- and B-Class, the CLS, SLK, SL and the CLC, which were all newly launched or refreshed during the year 2008. The launch of the refreshed M-Class and especially the new GLK will provide additional sales momentum also in the following year. However, for lifecycle reasons we anticipate lower unit sales of the E-Class, which is in its last full model year.

Against the backdrop of massive turmoil on financial markets and the resulting effects on economic developments in the industrialized countries, including falls in unit sales in major markets (in some cases of double-digit percentages) and requiring revaluations of vehicles' residual values, the previous earnings forecasts for 2008 can no longer be achieved. We now assume that the division will achieve EBIT in the magnitude of €2.5 billion and a return on sales of approximately 5% in 2008; charges of €449 million from the revaluation of leased vehicles' residual values are included therein.

Daimler Trucks anticipates higher unit sales in 2008 than in the prior year. This growth is primarily based on the positive development of unit sales in some important markets such as Brazil, Indonesia and the Middle East. Growth in unit sales is also indicated for Eastern Europe for full year 2008, but is expected to return to a more moderate level. This means that after six above-average years, the European market for commercial vehicles is coming down to normal levels once again. For the US and Japanese markets, we assume that our unit sales will once again be below the volumes of the prior year.

Growth in unit sales will be partially offset by higher raw-material costs and the weak US economy. On this basis, we expect the division to post EBIT of approximately €1.7 billion in the full year. This includes charges of approximately €230 million related to the repositioning of Daimler Trucks North America.

Despite the difficult economic environment, Mercedes-Benz Vans assumes that its unit sales will surpass the level of 2007. Daimler Buses expects to post record unit sales once again this year.

Daimler Financial Services assumes that it will achieve a return on equity of approximately 14% in full-year 2008. A moderate increase in contract volume is expected compared with the end of 2007.

We anticipate a slight decrease in the Daimler Group's total revenue in full-year 2008 (2007: €99.4 billion).

The **number of employees** at the end of 2008 is expected to be similar to the number a year earlier.

The Group is steadily continuing the efficiency-improving programs it has initiated in all areas.

On the basis of the divisions' projections, in 2008 we expect the **Daimler Group** to post EBIT from ongoing operations of more than €6 billion. This does not include special items from the reassessment of leased vehicles' residual values at Mercedes-Benz Cars, the sale of real estate (Potsdamer Platz), the transfer of EADS shares, the restructuring of Daimler Trucks North America and the new management model, as well as effects relating to Chrysler. However, in view of the current turmoil of financial and automotive markets, our forecasts are connected with a high degree of uncertainty.

Despite the ongoing financial market crisis, the Group has a solid **financial position**, which should also remain stable throughout the rest of the year. We intend to continue basing our corporate financing on a broad spectrum of financial instruments, including bonds and commercial paper as well as bank loans and asset backed securities. Borrowed funds are primarily applied to refinance our financial services business.

Forward-looking statements in this Interim Report:

This document contains forward-looking statements that reflect our current views about future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may/might," "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 growth of the global economy, especially in industrialized countries; the effects of the financial crisis, which could result in weaker demand for our products particularly in the U.S. and Europe but also in the emerging markets; changes in currency exchange rates and interest rates; increasing risk of inflation; the introduction of competing products and the possible lack of acceptance of our products or services; price increases for fuel, raw materials and precious metals; the 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 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 U.S. 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.