

# DAIMLER



Annual Financial Statements 2010. Daimler AG.

**Cover:** 125! years of innovation

125 years ago, we invented the automobile. Today, our passion for new ideas is as strong as ever, as we work on everything from electric drive systems to fuel cell technologies. Because 125 years from now, we still plan to be ahead of our time.

# Daimler AG

## Annual Financial Statements 2010

The Management Report of Daimler AG is combined with the Group Management Report in accordance with Section 315 (3) of the German Commercial Code (HGB) and published in the Group Annual Report 2010.

The Annual Financial Statements and the summarized Management Report of Daimler AG for the year 2010 are filed with the operator of the electronic version of the German Federal Gazette and published in the electronic version of the German Federal Gazette.

The Annual Financial Statements of Daimler AG and the Group Annual Report 2010 can be found in the “Investor Relations” section of our website ([www.daimler.com/ir/reports](http://www.daimler.com/ir/reports)).

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# Balance Sheet of Daimler AG

<b>Assets</b>			
	Notes	12/31/2010	12/31/2009
in millions of €			
<b>Non-current assets</b>			
Intangible assets	(1)	278	231
Property, plant and equipment incl. equipment on operating leases	(2)	6,835	7,430
Financial assets	(3)	32,038	37,787
		<b>39,151</b>	45,448
<b>Current assets</b>			
Inventories	(4)	5,574	4,872
Trade receivables	(5)	1,722	1,449
Receivables from subsidiaries	(5)	20,943	13,095
Other receivables and other assets	(5)	2,219	1,543
Securities	(6)	1,239	4,754
Cash and cash equivalents	(7)	5,753	2,251
		<b>37,450</b>	27,964
<b>Prepaid expenses</b>			
		<b>99</b>	53
		<b>76,700</b>	73,465

<b>Equity and Liabilities</b>			
	Notes	12/31/2010	12/31/2009
in millions of €			
<b>Equity</b>			
Share capital	(8a)	3,057	3,045
(conditional capital € 602 million)			
Capital reserves	(8b)	11,321	11,123
Retained earnings	(8c)	11,193	5,721
Unappropriated profit	(8d)	2,700	-
		<b>28,271</b>	19,889
<b>Provisions</b>			
Provisions for pensions and similar obligations	(9)	4,027	12,981
Other provisions	(10)	11,463	11,204
		<b>15,490</b>	24,185
<b>Liabilities</b>			
Trade liabilities	(11)	4,334	3,118
Liabilities to subsidiaries	(11)	19,463	18,576
Other liabilities	(11)	8,135	5,885
		<b>31,932</b>	27,579
<b>Deferred income</b>			
	(12)	<b>1,007</b>	1,812
		<b>76,700</b>	73,465

# Income Statement of Daimler AG

	Notes	2010	2009
in millions of €			
<b>Revenues</b>	(13)	<b>63,002</b>	47,177
Cost of sales	(14)	(54,241)	(44,503)
<b>Gross profit</b>		<b>8,761</b>	2,674
Selling expenses	(14)	(4,907)	(4,389)
General administrative expenses	(14)	(2,194)	(2,178)
Other operating income	(15)	1,439	1,118
Other operating expenses	(16)	(516)	(1,186)
Income from investments in subsidiaries and associated companies	(17)	3,754	955
Interest income	(18)	(990)	(467)
Other financial income	(19)	260	(891)
<b>Income from ordinary activities</b>		<b>5,607</b>	(4,364)
Extraordinary income	(20)	254	-
Income taxes	(21)	(462)	(401)
<b>Net income</b>	(22)	<b>5,399</b>	(4,765)
<b>Transfer to retained earnings</b>		<b>(2,699)</b>	-
<b>Transfer from capital reserves</b>		-	4,765
<b>Unappropriated profit</b>		<b>2,700</b>	-

# Notes to the Financial Statements of Daimler AG

## Accounting policies and methods

The financial statements of Daimler AG have been prepared in accordance with the accounting principles of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG); the amounts shown are in millions of euros (€) and the comparable figures for the year ended December 31, 2009 are also shown. The items summarized in the balance sheet and the income statement are listed individually and explained in these notes.

The financial statements for the year 2010 have been prepared for the first time with application of the regulations of the German Accounting Law Modernization Act (BilMoG). The prior-year figures have not been adjusted. Due to the first-time application of the new accounting standards not all of the principles of recognition and measurement used in the prior year were continued.

The following overview shows the main effects of the changeover to BilMoG at the time of first application (January 1, 2010).

	Extraordinary income	Retained earnings
in millions of €		
Inventories	(1)	134
Pension plan assets	(2)	38
Pensions	(3)	1.171
Treasury shares	(4)	(205)
Other provisions	(5)	592
Assets and liabilities denominated in foreign currencies	(6)	94
	<b>254</b>	<b>1.558</b>

**Inventories (1).** The abolition of the principle of reversed decisiveness (Section 5 Subsection 1 Sentence 2 of the German Income Tax Act (EStG)) in the context of BilMoG leads to a change in the measurement of inventories at Daimler AG. The principle of loss-free measurement in accordance with tax regulations no longer applies. This resulted in extraordinary income of € 134 million at January 1, 2010.

**Pension plan assets (2).** Assets to which other creditors have no recourse and which serve solely to meet the Company's retirement benefit obligations or similar long-term obligations are to be netted off with pension obligations pursuant to Section 246 Subsection 2 Sentence 2 of the HGB. The assets netted off were measured at

their fair values in accordance with Section 253 Subsection 1 Sentence 4 of the HGB. The fair valuation of pension plan assets leads to extraordinary income of € 38 million at Daimler AG. Netting off the pension trust special asset with provisions for pensions and similar obligations leads to a reduction in total assets of € 7,811 million at January 1, 2010.

**Pensions (3).** Due to the first time application of BilMoG, future increases in prices and costs, i.e. salary and pension trends, are to be taken into consideration. In accordance with the right of option of Section 253 Subsection 2 of the HGB, provisions for current pensions or pension rights are generally discounted with the average market interest rate published by the German Central Bank (Bundesbank) for an assumed residual period of 15 years. The changed measurement results in a release of € 1,171 million under provisions for pensions and similar obligations in the balance sheet at January 1, 2010, which is recognized directly in retained earnings with no effect on profit and loss.

**Treasury shares (4).** Pursuant to the amended Section 272 of the HGB, treasury shares are no longer capitalized. Accordingly, the arithmetical amount of the share capital of own shares acquired by the Company has been deducted in the previous column from the item "Share capital." The difference between the arithmetical amount and cost of acquisition of the treasury shares has been netted off against retained earnings. The reserve for treasury shares formed pursuant to the old version of the HGB has been released. Due to the deduction of the arithmetical amount, share capital at January 1, 2010 is reduced by € 107 million; retained earnings are reduced by € 205 million.

**Other provisions (5).** According to the amended Section 253 of the HGB, provisions are to be recognized in the amount of the required settlement amount. Future increases in prices and costs have to be taken into consideration. Provisions with residual periods of more than one year are to be discounted over those periods at the average market interest rate over the past seven years. The interest rate is calculated and provided by the Bundesbank. The changeover of other provisions to the new accounting regulations as of January 1, 2010 results in a transfer to retained earnings of € 592 million and an extraordinary expense of € 12 million.

### **Assets and liabilities denominated in foreign currencies (6).**

Due to the introduction of Section 256a of the HGB, all assets and liabilities denominated in foreign currencies are translated at the average spot exchange rate. The amounts of assets and liabilities with a residual period of less than one year are translated without consideration of the principle of cost of acquisition or the principle of realization and imparity. At January 1, 2010, this resulted in unrealized earnings of € 94 million being recognized under extraordinary income.

For the sake of clarity, the system of presentation has been modified in accordance with Section 266 of the HGB. Other receivables and other assets comprise receivables from related companies and other assets. Other provisions comprise provisions for taxes and other provisions. Other liabilities comprise liabilities to related companies, loans and bonds, liabilities to banks and other liabilities. No use was made of the possibility to net off liabilities to subsidiaries from the transfer of losses with receivables.

The income statement has been prepared according to the internationally predominant cost-of-sales method. The system of presentation according to Section 275 of the HGB has been modified to improve clarity with regard to financial activities. Financial activities are presented as income from investments in subsidiaries and associated companies, interest income and other financial income.

### **Recognition and measurement**

*Intangible assets* are measured at cost of acquisition, reduced by systematic straight-line amortization. They have a useful life between 3 and 30 years.

The capitalization option for self-produced intangible assets is not utilized. Research and development costs are immediately expensed.

*Property, plant and equipment* are measured at cost of acquisition or production, reduced by systematic depreciation.

The production costs of self-constructed assets comprise direct costs as well as prorated material and production overheads, including depreciation, to the extent that they are caused by the production process.

Systematic depreciation for technical equipment and machinery, other equipment and operating and office equipment is based on a useful life of 2 to 33 years. Correspondingly shorter periods apply for equipment used in multiple shifts.

Movable non-current assets which were first measured before January 1, 2008 are generally depreciated using the declining-balance method. The method of depreciation is changed from declining-balance to straight-line as soon as the equal distribution of the carrying value over the remaining useful life leads to higher depreciation amounts. Movable non-current assets first measured after January 1, 2008 are depreciated using the straight-line method. Impairments are recognized if an asset has to be measured at a lower value.

From January 1, 2008, low-value assets up to a cost of production or acquisition of € 150 are written off immediately. For assets with costs of € 150 to € 1,000 first recognized between January 1, 2008 and December 31, 2009, a pool is formed which is depreciated on a straight-line basis by 20 % p.a. As of January 1, 2010, assets with costs of acquisition or production of up to € 1,000 are written off immediately.

*Leased assets* are measured at cost of acquisition or production and systematically depreciated. Systematic depreciation is based on a useful life of 3 to 21 years. The method of depreciation is changed from declining-balance to straight-line as soon as the equal distribution of the carrying value over the remaining useful life leads to higher depreciation amounts. Leased assets which were first measured after January 1, 2008 are reduced by systematic depreciation using the straight-line method. Depending on the various lessees, leased assets first measured before January 1, 2008 are depreciated using the straight-line method or the declining-balance method.



*Shares in subsidiaries and associated companies and other financial assets* are measured at cost of acquisition, or, if there is an indication of permanent impairment, at the lower fair value. If the reasons for permanent impairment are no longer given, the value is written up. Loans bearing low interest or no interest are measured at their present values.

The assets included under the pension trust special asset are measured at their fair values and offset against retirement benefit obligations.

For the sake of better clarity, we have added the item of leased assets to the statement of non-current assets under property, plant and equipment and the item of pension trust special asset under financial assets.

*Raw materials, manufacturing supplies and goods* are measured at the lower of cost of acquisition or fair value; *unfinished and finished products* are measured at cost of production. Cost of production comprises direct material and labor as well as the prorated material and production overheads, including depreciation, to the extent that they are caused by the production process. Depreciation takes place if required by lower fair values.

*Receivables and other assets* are measured at their nominal values with consideration of all recognizable risks. If they have a residual period of more than one year and are non-interest bearing, they are discounted to their present value on the balance sheet date. To consider general credit risks general allowances are recognized for doubtful accounts. Receivables and other assets with a residual term of less than one year which are denominated in foreign currencies are translated at the spot rates on the balance sheet date. Non-current assets denominated in foreign currencies are translated at the spot rates on the date when booked or at the lower rate on the balance sheet date.

*Securities* are measured at the lower of cost of acquisition or fair value on the balance sheet date.

Expenditures prior to the balance sheet date that represent expenses for a specific period after that date are reported as *prepaid expenses*.

*Deferred taxes* are calculated at January 1, 2010 for timing differences between the amounts according to HGB and the amounts according to tax regulations for assets, liabilities and accruals and deferrals, with due consideration of applicable loss carryforwards and interest carryforwards. Loss carryforwards and interest carryforwards can be taken into consideration if they can be deducted from taxable income within the period defined by law of five years. Deferred taxes are calculated on the basis of the combined income-tax rate of the organic unity for income-tax purposes of Daimler AG, which is currently 29.825 %. The combined income-tax rate includes corporate income tax, trade tax and the solidarity surcharge. Deferred tax assets and liabilities are offset against each other. Any resulting tax liability is entered in the balance sheet as a deferred tax liability. Any resulting tax benefit is not recognized, in line with the capitalization option.

*Provisions for pensions and similar obligations* are recognized at the required settlement amounts in accordance with reasonable commercial judgment. The amounts are measured using the projected unit credit method. The discount rate is the average market interest rate published by the Bundesbank for an assumed residual period of 15 years.

Assets to which other creditors have no recourse and which are solely used to fulfill retirement benefit obligations or similar long-term liabilities are netted off with the pension obligations. The netted-off assets are measured at their fair values. Expenses and income resulting from discounting are netted off with the expenses and income of the netted-off assets under financial income.

*Other provisions* are recognized at the required settlement amounts in accordance with reasonable commercial judgment. Future increases in prices and costs until the time of settlement of the liabilities are taken into consideration. Provisions with a residual period of more than one year are discounted over that period using the average market interest rate as published by the Bundesbank.

*Provisions for taxes* are calculated in accordance with the principle of reasonable commercial judgment.

In accordance with Section 254 of the HGB, *derivative financial transactions* are linked as a unit of valuation with an underlying transaction, provided there is a direct hedging context between the financial transaction and the underlying transaction. Financial transactions for which no units of valuation are formed are measured individually at fair value. Any resulting unrealized losses are expensed.

*Liabilities* are measured at their repayment amounts. Liabilities denominated in foreign currencies with a residual period of up to one year are translated at the spot rates on the balance sheet date. Non-current liabilities denominated in foreign currencies are translated at the spot rates on the date when booked or at the higher rate on the balance sheet date.

Cash receipts prior to the balance sheet date that represent income for a specific period after that date are reported as *deferred income*.

Daimler AG recognizes *revenue* from sales of vehicles, spare parts, leasing and other related products and services. Revenue is recognized net of discounts, cash sales incentives, customer bonuses and rebates granted. For transactions with multiple deliverables, such as when vehicles are sold with free service programs, Daimler AG allocates revenue to the various elements based on their objectively and reliably determined fair values. Outstanding elements are recognized in the balance sheet as deferred income.

## Schedule of non-current assets

	Cost of acquisition or production					Depreciation/Amortization/Write-ups						Book value	
	01/01/ 2010	Addi- tions	Reclasi- fications	Dispos- als	12/31/ 2010	01/01/ 2010	Current year	Write- ups	Reclasi- fications	Dispos- als	12/31/ 2010	12/31/ 2010	12/31/ 2009
In millions of €													
<b>Intangible assets</b>													
Concessions, industrial prop- erty rights and similar rights and values, as well as licenses to such rights and values	379	52	33	16	448	181	52	-	.	16	217	231	198
Advance payments made	33	43	(29)	-	47	-	-	-	-	-	-	47	33
	412	95	4	16	495	181	52	-	.	16	217	278	231
<b>Property, plant and equip- ment</b>													
Technical equipment and machinery	10,513	596	174	439	10,844	8,572	856	-	(1)	432	8,995	1,849	1,941
Other equipment, factory and office equipment	8,138	810	117	172	8,893	6,337	869	-	1	165	7,042	1,851	1,801
Leased assets	5,163	1,119	-	2,602	3,680	1,986	575	-	-	1,099	1,462	2,218	3,177
Advance payments and con- struction in progress	516	706	(295)	5	922	5	-	-	-	-	5	917	511
	24,330	3,231	(4)	3,218	24,339	16,900	2,300	-	.	1,696	17,504	6,835	7,430
<b>Financial assets</b>													
Shares in subsidiaries	30,155	2,549	12	18	32,698	998	652	(103)	-	7	1,540	31,158	29,157
Loans to subsidiaries	358	94	-	165	287	8	1	(2)	-	-	7	280	350
Shares in associated compa- nies	726	1,367	(12)	1,314	767	278	12	(70)	-	10	210	557	448
Other loans	21	22	-	.	43	.	-	.	-	.	.	43	21
Special asset Pension Trust	9,592	-	(9,592)	-	-	1,781	-	-	(1,781)	-	-	-	7,811
	40,852	4,032	(9,592)	1,497	33,795	3,065	665	(175)	(1,781)	17	1,757	32,038	37,787
<b>Non-current assets</b>	65,594	7,358	(9,592)	4,731	58,629	20,146	3,017	(175)	(1,781)	1,729	19,478	39,151	45,448

# Notes to the Balance Sheet

## 1 Intangible assets

Intangible assets of € 278 million primarily comprise acquired licenses and similar values. Systematic amortization amounted to € 52 million (2009: € 47 million).

## 2 Property, plant and equipment

Additions of € 3,231 million include leased assets of € 1,119 million. These are primarily vehicles sold with leasing contracts. The other additions consist only of movable assets. Systematic depreciation on property, plant and equipment amounted to € 2,300 million (2009: € 2,641 million). The reduction of leased assets is mainly due to the accounting of leased vehicles, which have been sold to Mercedes-Benz Leasing GmbH since February 1, 2009 (except for sales to employees).

As of January 1, 2010, the moveable assets let by Daimler Vermögens- und Beteiligungsgesellschaft mbH were purchased by Daimler AG. The price paid for the assets was € 277 million.

## 3 Investments and long term financial assets

Shares in subsidiaries and associated companies increased by € 2,110 million to € 31,715 million (2009: € 29,605 million).

The increase was primarily the result of the cross-shareholding carried out with Renault and Nissan in connection with the strategic cooperation. Daimler AG acquired 3.1 % equity interests in each of Renault S.A. and Nissan Motor Co. Ltd. Both shareholdings were transferred to a Spanish subsidiary during 2010. Other significant additions were the capital increase at Mitsubishi Fuso Truck and Bus Corporation, the increased equity interest in KAMAZ OAO, a Russian producer of commercial vehicles, the investments in Daimler India Commercial Vehicles Pvt. Ltd. and financial services activities. In addition, capital contributions were made into domestic commercial partnerships for tax reasons.

The disposals reflect not only the transfer of the interests in Renault S.A. and Nissan Motor Co. Ltd., but also the sale of the equity interest in TATA Motors Ltd.

In 2010, shares in subsidiaries and associated companies were impaired by an amount of € 664 million (2009: € 96 million) mainly

due to dividend distributions. Write-ups amounted to € 173 million (2009: € 0 million).

Pursuant to Section 285 of the HGB, a list of the principal holdings of Daimler AG is given on pages 36 to 39 of the notes.

The financial assets shown under the item special asset pension trust and transferred to Daimler Pension Trust e.V. are offset against pension obligations at December 31, 2010. These assets and the yield on them are solely for the purpose of providing retirement benefits from company pensions.

The development of non-current assets is presented in the schedule of non-current assets.

## 4 Inventories

	12/31/2010	12/31/2009
in millions of €		
Raw materials and manufacturing supplies	1,019	962
Unfinished products, unfinished services	870	760
Finished products and goods	3,724	3,187
<b>Inventories excluding advance payments received</b>	<b>5,613</b>	<b>4,909</b>
Advance payments received	(39)	(37)
<b>Inventories</b>	<b>5,574</b>	<b>4,872</b>

Finished products and goods comprise vehicles and spare parts produced both in the plants of Daimler AG and in the context of contract manufacturing. Used vehicles are also included.

## 5 Receivables and other assets

	12/31/2010	12/31/2009
in millions of €		
Trade receivables	1,722	1,449
thereof more than 1 year until maturity	-	1
Receivables from subsidiaries	20,943	13,095
thereof more than 1 year until maturity	4,014	2,169
Receivables from associated companies	543	151
thereof more than 1 year until maturity	-	-
Other assets	1,676	1,392
thereof more than 1 year until maturity	65	175
<b>Receivables and other assets</b>	<b>24,884</b>	<b>16,087</b>
thereof more than 1 year until maturity	4,079	2,345

Receivables from subsidiaries primarily consist of receivables that originally arose from invoicing within the consolidated group within the context of central financial and liquidity management (€ 17,680 million, 2009: € 11,001 million), as well as from the supply of goods and services to companies of the consolidated group in Germany and abroad (€ 3,263 million, 2009: € 2,094 million). Receivables from associated companies primarily comprise trade receivables that originally arose from associated companies in Germany and abroad (€ 502 million, 2009: € 147 million).

Other assets include tax-refund claims (€ 795 million, 2009: € 633 million), premiums for currency options (€ 324 million, 2009: € 201 million) and prepaid interest (€ 259 million, 2009: € 170 million).

## 6 Securities

	12/31/2010	12/31/2009
in millions of €		
Treasury shares	-	311
Other securities	1,239	4,443
	<b>1,239</b>	<b>4,754</b>

Due to the changeover to BilMoG accounting regulations, the treasury shares shown for the prior year have been openly deducted from share capital or offset against retained earnings.

The other securities include fixed-interest loans and shares. The reduction of € 3,204 million in other securities is primarily due to the lower volume of commercial paper.

## 7 Cash and cash equivalents

Cash and cash equivalents amount to € 5,753 million at the end of the year (2009: € 2,251 million) and consist of bank balances, cash in hand and checks.

Liquidity also includes securities (€ 1,239 million, 2009: € 4,754 million).

## 8 Equity

	12/31/2010	12/31/2009
in millions of €		
Share capital	3,057	3,045
Capital reserve	11,321	11,123
Retained earnings	11,193	5,721
Unappropriated profit	2,700	-
<b>Equity</b>	<b>28,271</b>	<b>19,889</b>

### a) Share capital

	2010	2009
in millions of €		
<b>Balance at 12/31 prior year</b>	<b>3,045</b>	2,768
Treasury shares (according to BilMoG)	(107)	-
<b>Balance at 01/01</b>	<b>2,938</b>	2,768
Increase in share capital	-	276
Effects of application of treasury shares	110	-
Purchase of treasury shares	(4)	-
Contribution from exercise of options	13	1
<b>Balance at 12/31</b>	<b>3,057</b>	3,045
thereof treasury shares	(1)	-

The share stock is divided into no-par value shares. All shares are fully paid up. Each share grants one vote at the Annual Meeting of Daimler AG and, if applicable except for new shares potentially not entitled to dividend, an equal portion of the profits as defined by the dividend distribution resolved at the Annual Meeting. Each share represents approximately € 2.87 of the share capital.

	2010	2009
Number of shares		
Shares issued at 01/01	1,061,183,782	964,557,432
Reacquired shares not cancelled (share buy-back program) prior years	(37,116,831)	(37,116,831)
<b>Shares outstanding at 01/01</b>	<b>1,024,066,951</b>	927,440,601
Creation of new shares by capital increase	-	96,408,000
Utilization of treasury shares for Daimler AG to acquire equity interests in Renault and Nissan	35,278,376	-
Repurchase of treasury shares by exercise of a forward contract to settle obligations towards former AEG shareholders	(1,487,819)	-
Utilization of treasury shares due to the settlement of obligations towards former AEG shareholders	3,104,856	-
Shares reacquired in the context of the 2010 employee share program and not cancelled	(350,695)	-
Sale of treasury shares to employees in the context of the 2010 employee share program	350,695	-
Creation of new shares by exercise of Stock option plan	4,458,125	218,350
<b>Shares outstanding at 12/31</b>	<b>1,065,420,489</b>	1,024,066,951
Reacquired shares not cancelled (share buy-back program)	22,1418	37,116,831
<b>Shares issued at 12/31</b>	<b>1,065,641,907</b>	1,061,183,782

**Share buyback program.** On April 9, 2008, the Annual Meeting authorized Daimler AG to acquire, until October 9, 2009, treasury shares for certain predefined purposes, i. e. for the purpose of using them for business combinations or to acquire companies or to meet the subscription rights arising from stock option programs, up to 10 % of the share capital issued as of the day of the resolution. Between June 18, 2008 and October 23, 2008, Daimler AG partly exercised the authorization by repurchasing a total of 37.28 million shares representing approximately 3.87 % of the share capital as of the time of the Annual Meeting. In 2008 0.17 million shares repurchased were used to meet subscription rights arising from stock option programs.

Insofar as the resolution issued by the Annual Meeting on April 9, 2008 authorizing Daimler AG to acquire, until October 9, 2009, treasury shares for certain predefined purposes had not been utilized, it was terminated by resolution of the Annual Meeting on April 8, 2009. Simultaneously Daimler AG was authorized again to acquire, until October 8, 2010, treasury shares for certain predefined purposes i. e. for the purpose of cancellation or using them for business combinations or to acquire companies, up to 10 % of the share capital as of the day of the resolution. As of December 31, 2009 Daimler AG held a treasury stock of 37.12 million shares, that were repurchased in 2008.

The unused authorization of the Annual Meeting on April 8, 2009, to acquire treasury shares until October 8, 2010, was terminated by resolution of the Annual Meeting on April 14, 2010. Simultaneously Daimler was again authorized to acquire until April 13, 2015 treasury shares, i. e. for the purpose of cancellation or for using them for business combinations or to acquire companies, up to

10 % of the share capital issued as of the day of the resolution. This authorization has not been exercised yet.

Approximately 32.90 million shares representing € 94.39 million of the share capital, or approximately 3.1 % of the share capital in an amount of total € 1,278.35 million were transferred in 2010 when the Group entered into cross-shareholding structure with Renault SA and Nissan Motors Company. 2.38 million shares, representing € 6.83 million or approximately 0.23 % of the share capital in an amount of approximately € 90.10 million were sold at the stock exchange to settle a cash obligation of this transaction.

Through a final verdict reached by the higher regional court in Frankfurt am Main in November 2009, the exchange ratio specified in the domination and profit and loss transfer agreement between the former Daimler-Benz AG and the former AEG AG from 1988 as well as the compensation payment for unpaid AEG dividends determined in this agreement were increased for the benefit of those AEG-Shareholders. In this context in April 2010, approximately 1.49 million own shares representing € 4.27 million or approximately 0.15 % of the share capital were repurchased at a purchase price of € 39.94 million by exercising a forward contract. This forward was concluded with regard to the litigation mentioned above but without any obligation to purchase shares. In 2010, obligations of former AEG shareholders were settled using approximately 3.10 million own shares in an amount of total € 107.8 million. 1.17 million treasury shares thereof, representing € 3.36 million or approximately 0.11 % of the share capital were sold to generate revenues of € 44.18 million to settle cash obligations of former AEG shareholders resulting from the litigation. The remaining 1.93 million shares, representing € 5.55 million or approximately 0.19 % of the share capital were transferred to former AEG shareholders to cover obligations to deliver additional Daimler shares.

As of December 31, 2010, 0.22 million treasury shares, representing € 0.64 million of the share capital, or approximately 0.02 % of the share capital repurchased under the resolution issued at the Annual Meeting on April 9, 2008 are still held by Daimler AG. These shares are foreseen for serving the claims of former AEG shareholders.

**Employee share program.** In May 2010, Daimler AG acquired 0.4 million of the Company's own shares, representing a proportionate amount of the share capital of € 1.01 million or 0.03 %, in connection with employee share programs for an average price of € 39.62 per share and issued them to employees for a price of € 35.85 per share. In 2009, no Daimler shares were acquired or issued to employees.

**Authorized capital.** By way of a resolution adopted at the Annual Meeting on April 9, 2008, the Board of Management was authorized, with the consent of the Supervisory Board, to increase Daimler AG's share capital in the period until April 8, 2013 by a total of € 500 million in exchange for cash contributions and furthermore by a total of € 500 million in exchange for non-cash contributions (Authorized Capital I and II) and, with the consent of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions. In March 2009, Daimler AG's share capital was increased under partial utilization of the authorized capital of € 2,768 million in the amount of € 276 million to € 3,044 million in exchange for cash contributions, excluding any shareholders' subscription rights, by issuing 96.4 million new registered no par value shares to an indirect subsidiary of Aabar Investments PJSC (Aabar), Abu Dhabi.

By resolution of the Annual Meeting on April 8, 2009 the Board of Management was authorized again, with the consent of the Supervisory Board, to increase Daimler AG's share capital in the period until April 7, 2014 by a total of € 1,000 million in one lump sum or by separate partial amounts at different times by issuing new, registered no par value shares in exchange for cash and / or non-cash contributions (Approved Capital 2009). Among other things, the Board of Management was authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights under certain conditions. In this context, the Annual Meeting further resolved to cancel the former Authorized Capital I and II with effect as of the time when the new Approved Capital 2009 becomes effective, but only to the extent that it had not been utilized.

**Conditional capital.** By resolution of the Annual Meeting on April 14, 2010, the Board of Management, with the consent of the Supervisory Board, was authorized to issue once or at several times convertible and / or warrant bonds or a combination of these instruments ("bonds") with a total face value of up to € 10.0 billion and a maturity of no more than ten years, until April 13, 2015. The Board of Management is allowed to grant the holders of these bonds conversion or warrant rights for new registered no-par-value shares in Daimler AG with an allocable portion of the share capital of up to € 500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can also be issued by majority-owned direct or indirect subsidiaries of Daimler AG. Accordingly share capital is conditionally increased to an amount of € 500 million (Conditional capital 2010). The authorization to issue convertible and / or warrant bonds has not yet been exercised. In addition, the share capital was conditionally increased by up to € 102 million by the issue of new registered no-par-value Daimler shares (remaining Conditional Capital II). The remaining Conditional Capital II covers the subscription rights from the stock options issued until 2004.

**Stock Option Plan.** As of December 31, 2010, 11.15 million options from stock option plans granting subscription rights on new shares representing € 32 million of the share capital had not yet been exercised.

#### b) Capital reserves

Capital reserves		
	2010	2009
in millions of €		
<b>Balance at 01/01</b>	<b>11,123</b>	14,204
Gain on the sale of treasury shares	10	-
Transferred from exercise of options	188	7
Increase in share capital	-	1,677
Withdrawal to offset net loss for 2009	-	(4,765)
<b>Balance at 12/31</b>	<b>11,321</b>	11,123

Capital reserves amount to € 11,321 million at the end of 2010. During 2010, € 188 million was transferred to capital reserves as a result of the exercise of share options from Stock Option Plan 2002-2004. In addition, the gain of € 10 million on the sale of treasury shares was transferred to the capital reserve.

#### c) Retained earnings

Reserve for treasury shares		
	2010	2009
in millions of €		
<b>Balance at 12/31 of prior year</b>	<b>311</b>	-
Release of reserve for treasury shares (BilMoG)	(311)	-
<b>Balance at 01/01</b>	<b>-</b>	-
Reclassification from other retained earnings	-	325
Reversal from valuation of treasury shares	-	(14)
<b>Balance at 12/31</b>	<b>-</b>	311
Other retained earnings		
	2010	2009
in millions of €		
<b>Balance at 12/31 of prior year</b>	<b>5,410</b>	5,396
Release of reserve for treasury shares (BilMoG)	311	-
BilMoG effects	1,558	-
<b>Balance at 01/01</b>	<b>7,279</b>	5,396
Purchase of treasury shares	(36)	-
Effects from the application of treasury shares	1,251	-
Capitalization of treasury shares from share buyback	-	325
Recognition of reserve for treasury shares	-	(325)
Reversal from valuation of treasury shares	-	14
Transfer from profit for the year	2,699	-
<b>Balance at 12/31</b>	<b>11,193</b>	5,410
thereof treasury shares	(6)	-

At December 31, 2010, retained earnings amount to € 11,193 million.



#### d) Unappropriated Profit

As allowed by Section 158 Subsection 1 of the AktG unappropriated profit is determined as follows:

<b>Unappropriated Profit</b>	
	<b>12/31/2010</b>
in millions of €	
Net profit 2010	5,399
Transferred to retained earnings	(2,699)
<b>Unappropriated Profit</b>	<b>2,700</b>

#### Dividend

Pursuant to the German Stock Corporation Act (AktG), the maximum dividend that can be distributed to the shareholders is the unappropriated profit ("balance sheet profit") reported in the year-end financial statements of Daimler AG (company accounts) according to the German Commercial Code (HGB). The proposal will be made to the shareholders at the Annual Shareholders' Meeting that a dividend of € 1,971 million (€ 1.85 per dividend-entitled share) will be paid to the shareholders out of the unappropriated profit of Daimler AG for the year 2010.

#### Share-based payment

As of December 31, 2010, the Company has the following awards outstanding that were issued under a variety of plans: the 2007-2010 Performance Phantom Share Plan ("PPSP") and the Stock Option Plan ("SOP") 2001-2004. The plans of share-based payments are measured according to the probability of their claiming at the balance sheet date.

The PPSP is paid out at the end of the contractually stipulated holding period; earlier, pro-rated pay-out is only possible in case of an eligible person leaving the Daimler Group if certain defined conditions are met. For the SOP, the waiting period has elapsed, so the plan is exercisable at any time except for special vesting periods and under consideration of the exercise prices.

**Performance Phantom Share Plan.** In 2010, Daimler AG adopted a Performance Phantom Share Plan similar to that used from 2005 through 2009, under which eligible board members and employees are granted phantom shares entitling them to receive cash payments provided that predefined targets are met in the three-year performance period. The amount of cash paid to eligible employees is based on the number of vested phantom shares (determined depending on target achievement over a three-year performance period) multiplied by the quoted price of Daimler's ordinary shares (calculated as an average price over a specified period at the end of the four years of service). The number of phantom shares that vest depends on the return on net assets and return on sales in comparison to competitors.

**Stock Option Plan.** On the basis of the authorization granted by the Annual Shareholders' Meeting of April 2000, stock options for subscription to Daimler shares were granted to eligible board members and employees – for the last time in 2004. Options granted under the SOP are exercisable at a reference price per Daimler ordinary share, which is determined in advance, plus a 20 % premium. The options became exercisable in two equal installments on the second and third anniversaries of the date of grant. All unexercised options expire ten years after the date of grant. If the market price per Daimler ordinary share on the date of exercise is at least 20 % higher than the reference price, the holder is entitled to receive a cash payment equal to the original exercise premium of 20 %.

In order to serve the exercise of stock options, Daimler AG has so far primarily issued new shares.

The exercise prices of the stock option plan are between € 34.40 and € 66,96.

## 9 Provision for pensions and similar obligations

	12/31/2010	01/01/2010
in millions of €		
Pension provision 12/31 prior year	-	12,981
Effect of changeover to BilMoG	-	(1,171)
Settlement amount of pensions and similar obligations	<b>12,256</b>	11,810
Fair value of Daimler Pension Trust assets	<b>(8,229)</b>	(7,849)
Net value of pensions and similar obligations (provision)	<b>4,027</b>	3,961

Provisions for pensions and similar obligations less the fair value of the assets reserved to cover pension expenses amounted to € 4,027 million at the end of the year (January 1, 2010: € 3,961 million).

The settlement amount of € 12,256 million (January 1, 2010: € 11,810 million) was calculated on the basis of the projected unit credit method. Other parameters used in the calculation were the tables of mortality rates published by Heubeck (2005 G), the market interest rate published by the Bundesbank of 5.16 % (January 1, 2010: 5.25 %), annual cost-of-living increases and annual pension entitlement increases of 1.70 % (January 1, 2010: 1.80 %) and anticipated annual increases in wages and salaries of 3.5 % (January 1, 2010: between 1.88 % and 2.50 %).

In the prior year, provisions for pensions were calculated according to the provisions of IAS 19 with the use of the following parameters: a discount rate of 5.30 %, annual cost-of-living increases and annual pension entitlement increases of 1.80 % and anticipated annual increases in wages and salaries of between 1.88 % and 2.50 %.

The retirement benefit obligations are offset against assets that serve solely to cover liabilities from pension obligations. Those assets have a fair value of € 8,229 million at December 31, 2010 and a cost of acquisition of € 9,646 million. In addition, interest income includes the offsetting of expenses and income of € 277 million.

The assets offset as of December 31, 2010 include the following stakes of more than 10 % in German and comparable foreign investments as defined by Section 1 and Section 2 Subsection 9 of the German Investment Act (InvG):

### Shares of plan assets by type of investment

	Book value / fair value	Cost of acquisition	Difference	Dividend for the year
in millions of €				
Mixed funds	7,385	8,809	(1,424)	261
Real-estate funds	207	210	(3)	11
	<b>7,592</b>	<b>9,019</b>	<b>(1,427)</b>	<b>272</b>

## 10 Other provisions

	12/31/2010	12/31/2009
in millions of €		
Provisions for taxes	<b>2,901</b>	2,706
Other provisions	<b>8,562</b>	8,498
	<b>11,463</b>	<b>11,204</b>

Provisions for taxes relate primarily to income taxes for years not yet finally assessed.

Other provisions consist mainly of accrued warranty costs, accrued personnel and social costs, provisions for liability and litigation risks, obligations from the sales business, unrealized losses from the valuation of derivative financial instruments and obligations for end-of-life vehicles. Additionally, other provisions include accruals for deferred maintenance to be carried out in the first quarter of the following year. The change in other provisions compared with the prior year is primarily due to an increase of obligations in the area of personnel and social security and the unrealized impairment losses on derivative financial instruments. There was an opposing effect from the development of provisions for warranty risks and for liability and litigation risks.

## 11 Liabilities

Liabilities	12/31/2010	12/31/2009
in millions of €		
Notes/bonds and commercial paper	4,688	2,657
of which due in less than 1 year	379	108
of which due in more than 5 years	1,000	75
Liabilities to banks	1,652	1,571
of which due in less than 1 year	4	3
of which due in more than 5 years	482	400
Trade payables	4,334	3,118
of which due in less than 1 year	4,334	3,118
of which due in more than 5 years	-	-
Liabilities due to subsidiaries	19,463	18,576
of which due in less than 1 year	15,814	13,806
of which due in more than 5 years	-	287
Liabilities due to associated companies	39	15
of which due in less than 1 year	39	15
of which due in more than 5 years	-	-
Other liabilities	1,756	1,642
of which due in less than 1 year	1,509	1,319
of which due in more than 5 years	-	-
of which tax liabilities	125	169
of which obligations concerning social security	107	50
<b>Total of liabilities</b>	<b>31,932</b>	<b>27,579</b>
of which due in less than 1 year	22,079	18,369
of which due in more than 5 years	1,482	762

Liabilities due to subsidiaries include intragroup (cash) payables within the scope of central financial and liquidity management (€ 18,991 million, 2009: € 18,056 million) as well as trade payables due to domestic and foreign subsidiaries (€ 472 million, 2009: € 520 million).

Liabilities to associated companies include intragroup (cash) payables within the scope of central financial and liquidity management (€ 19 million, 2009: € 8 million) as well as trade payables due to domestic and foreign associated companies (€ 20 million, 2009: € 7 million).

Notes, bonds and commercial paper are mainly European medium term notes in the amount of € 4,288 million (2009: € 2,223 million).

Liabilities to banks of € 1,652 million (2009: € 1,571 million) are mainly based on loans of € 1,648 million (2009: € 1,569 million).

Other liabilities (€ 1,756 million, 2009: € 1,642 million) mainly comprise liabilities of wages and salaries, withheld income tax and social security contributions, accrued interest and option premiums. Furthermore, liabilities are included which relate to future payments to Chrysler pension plans.

## 12 Deferred income

	12/31/2010	12/31/2009
in millions of €		
Deferred income	1,007	1,812

The reduction in deferred income is primarily due to the systematic release of forfeited receivables from future leasing installments. The release of deferred income takes place pro rata in line with the periods of the underlying contracts.

# Notes to the Income Statement

## 13 Revenues

	2010	2009
in millions of €		
<b>Revenue by type:</b>		
Passenger cars	46,061	34,353
Commercial vehicles	16,941	12,824
	<b>63,002</b>	47,177
<b>Revenue by region:</b>		
Domestic	20,606	20,006
Foreign	42,396	27,171
	<b>63,002</b>	47,177
<b>Breakdown of foreign revenue:</b>		
Western Europe (excluding Germany)	13,774	11,379
Asia	10,864	5,825
United States	9,528	5,314
Other American countries	2,373	1,422
Other markets	5,857	3,231
	<b>42,396</b>	27,171

## 14 Functional costs

Functional costs are broken down in the income statement into the categories cost of sales, selling expenses and general administrative expenses.

Cost of sales are manufacturing costs. These costs mainly consist of the costs of production materials, purchased services, personnel expenses, depreciation and rental expenses for the areas of production. Cost of sales also includes € 4,190 million (2009: € 3,754 million) of research and development expenses as well as gains or losses from hedging activities conducted by the industrial business segment.

Selling expenses include purchased services such as for advertising and marketing. Furthermore, personnel expenses, commissions, shipping costs and rental expenses of the sales organization are also included in selling costs.

General administrative expenses primarily comprise purchased services such as IT costs, personnel expenses, consulting fees and rental expenses of the general administration.

Other taxes and customs duties amounting to € 83 million (2009: € 66 million) are included within functional costs.

The fees of the external auditors are shown in the notes to the consolidated financial statements.

## 15 Other operating income

Other operating income totaling € 1,439 million (2009: € 1,118 million) consists mainly of income from supplying other goods and services, cost reimbursements, reimbursements of social insurance contributions from the German Federal Employment Agency with regard to short-time work, rent and lease income and income from subsidies.

Other operating income includes € 661 million (2009: € 461 million) of income assignable to other financial periods and relates mostly to income from the release of provisions and of accruals and deferrals, income from insurance payments and income from disposals of non-current assets.

The income from the currency translation of trade receivables and payables amounted to € 84 million in 2010.

## 16 Other operating expenses

The other operating expense of € 516 million (2009: € 1,186 million) primarily comprises expenses for allocations to provisions for liability and litigation risks and expenses for donations and foundations.

Other operating expense includes € 43 million (2009: € 45 million) of expenses attributable to other financial periods. These expenses are mostly related to disposals of non-current assets and write-offs of other receivables.

The expense from the currency translation of trade receivables and payables amounted to € 84 million in 2010.

## 17 Income from investments in subsidiaries and associated companies

	2010	2009
in millions of €		
Income from profit and loss transfer agreements	1,771	1,004
thereof: Daimler Vermögens- und Beteiligungsgesellschaft mbH	1,527	766
Mercedes-Benz Accessories GmbH	170	117
EvoBus GmbH	45	65
Expenses from loss assumptions	(215)	(204)
Income from subsidiaries	2,391	163
Income from associated companies	21	44
Impairment of investments in subsidiaries and associated companies	(664)	(96)
Write-ups on investments in subsidiaries and associated companies	173	-
Gains on disposals of investments in subsidiaries and associated companies	292	44
Losses on disposals of investments in subsidiaries and associated companies	(15)	.
	<b>3,754</b>	<b>955</b>

The increase in income from investments in subsidiaries and associated companies is mainly due to higher income from subsidiaries. This includes in particular distributions from Mercedes-Benz do Brasil Ltda. (€ 500 million), Mercedes-Benz South Africa (Pty) Ltd. (€ 310 million) and Mercedes-Benz (Thailand) Limited (€ 133 million).

Income from profit and loss transfer agreements also increased compared with the prior year, while expenses from loss assumptions were at the prior-year level. The loss assumptions were mainly from Daimler Financial Services AG.

Gains on disposals of investments in subsidiaries and associated companies include a gain of € 270 million realized on the sale of Daimler's equity interest in TATA Motors Ltd.

The impairments of equity interests in subsidiaries and associated companies are almost solely due to dividend distributions.

## 18 Interest income

	2010	2009
in millions of €		
Income from other securities and loans of financial assets	12	27
thereof from subsidiaries	11	21
Other interest and similar income	1,620	1,162
thereof from subsidiaries	883	587
Interest and similar expenses	(2,622)	(1,661)
thereof to subsidiaries	(908)	(1,057)
Interest income from the pension trust	-	5
	(990)	(467)

The reduction of € 523 million in interest income was mainly the result of the BilMoG regulations. In addition to the interest portion of the retirement benefit obligation, corresponding with offsetting the pension plan assets with the pension obligation, the interest income on plan assets is also to be offset. This results in an amount of € 561 million. The discounting of provisions with a remaining term to maturity of more than one year in accordance with BilMoG leads to an interest expense of € 253 million.

## 19 Other financial income

	2010	2009
in millions of €		
Currency translation	9	77
Other income	11	28
Other expenses	(97)	(112)
Other financial income from the pension trust	337	(884)
	260	(891)

The increase in other financial income is primarily due to unrealized gains in connection with the fair-value measurement of the pension trust special asset. In accordance with the regulations of BilMoG, the special asset is for the first time measured at fair value. In the prior year, other financial income was reduced by the impairment of the pension trust assets.

## 20 Extraordinary income

	2010	2009
in millions of €		
Extraordinary income	254	0

The extraordinary income resulted from the first application of BilMoG regulations. A detailed breakdown of the extraordinary income is provided in the section on accounting policies and methods.

## 21 Income taxes

As the parent company, Daimler AG is also a taxpayer with respect to the profit and loss transfer agreements concluded with its subsidiaries. The most important subsidiaries with such agreements are Daimler Vermögens- und Beteiligungsgesellschaft mbH, Daimler Luft- und Raumfahrt Holding AG, Daimler Financial Services AG, Mercedes-Benz Ludwigsfelde GmbH and EvoBus GmbH.

The income tax expense amounts to € 462 million (2009: € 401 million) and results from tax payments for the past financial year (€ 433 million) and for previous years (€ 29 million). The significant improvement in earnings does not fully affect the tax assessment basis. This is mainly due to the large degree of exemption from taxation of income from subsidiaries and associated companies and the utilization of tax loss carryforwards in line with statutory minimum taxation.

Deferred taxes are not included in this item because the capitalization of deferred tax assets is optional. Future tax relief is largely the result of timing differences of provisions for pensions and other provisions and of tax loss carryforwards for corporate income tax and trade tax.

## 22 Net income

Net income for financial year 2010 is € 5,399 million. After a transfer to retained earnings of € 2,699 million pursuant to Section 58 Subsection 2 of the German Stock Corporation Act (AktG), unappropriated profit amounts to € 2,700 million.

## Other Notes

### Personnel expenses / Employees

Personnel expenses	2010	2009
in millions of €		
Wages and salaries	8,884	7,566
Social insurance contributions	1,491	1,436
Pension costs	117	896
	<b>10,492</b>	<b>9,898</b>
<b>Employees</b>		
	2010	2009
<b>Annual average numbers</b>		
Hourly employees	82,762	85,342
Salaried employees	53,768	53,635
Trainees / apprentices / interns	9,229	9,180
<b>Total (average for the year)</b>	<b>145,759</b>	<b>148,157</b>
<b>Total (at the end of the year)</b>	<b>145,796</b>	<b>147,052</b>

Wages and salaries include direct labor, salaries, severance payments, holiday bonuses, special bonuses and changes in provisions for personnel expenses. The reimbursements received from the German Federal Employment Agency with regard to short-time work are netted with wages and salaries.

Social insurance contributions relate to the employer's contributions to pension, unemployment, nursing-care and medical insurance plans.

Pension costs comprise the components to be shown under functional costs in accordance with BilMoG as well as the contributions to the German Pension Insurance Association. In the prior year, the interest components of pension costs were also shown here.

### Cost of materials

	2010	2009
in millions of €		
Cost of raw materials, supplies and purchased goods	38,347	28,432
Cost of purchased services	7,992	6,925
	<b>46,339</b>	<b>35,357</b>

## Derivative financial instruments and valuation units

Derivative financial instruments serve solely to hedge risks relating to foreign exchange rates, interest rates, raw material prices and equity prices. They cover the underlying transactions of the companies of the Daimler Group and the original financial transaction and are placed together with them as far as possible in valuation units.

The derivative financial instruments held by Daimler AG have the following nominal values at the end of the reporting year and the prior year. The nominal values are the totals of the basic values of all purchase and sale contracts without netting off.

Nominal value	12/31/2010		12/31/2009	
	in millions of €			
Foreign exchange contracts	30,373		20,257	
Interest rate contracts	23,612		24,632	
Commodity futures contracts	1,010		388	
Equity futures contracts	7		46	
	<b>55,002</b>		<b>45,323</b>	

Of the derivative financial instruments held on the balance sheet date in a nominal amount of € 55,002 million, financial instruments in a total amount of € 42,817 million are placed in valuation units. Of that total, € 24,660 million is accounted for by foreign exchange contracts, € 17,175 million by interest rate contracts and € 982 million by commodity futures contracts.

The foreign exchange contracts primarily comprise currency futures and currency options. They mainly serve to hedge the foreign exchange risks of the companies of the Group from the cash flows expected from the automotive business with a high degree of certainty. Currency futures are held to hedge the risks connected with financial receivables and payables from the Group's financing. Interest rate contracts include interest rate swaps as well as interest / currency swaps. They are primarily used to minimize the risk of changes in interest rates. Commodity contracts currently consist solely of commodity swaps used for hedging purchasing prices of purchases of raw materials expected with a high degree of certainty. Equity futures contracts comprise options used to hedge the value of shares.

The book values and fair values of derivative financial instruments at the end of the reporting year and the prior year are shown in the following table:

Book Value / Fair Value	12/31/2010		12/31/2009	
	Book Value	Fair Value	Book Value	Fair Value
in millions of €				
<b>Assets</b>				
Foreign exchange contracts	376	526	177	671
Interest rate contracts	18	515	24	587
Commodity futures contracts	.	373	-	102
Equity futures contracts	-	11	-	26
	<b>394</b>	<b>1,425</b>	<b>201</b>	<b>1,386</b>
<b>Liabilities</b>				
Foreign exchange contracts	(358)	(976)	(269)	(267)
Interest rate contracts	(170)	(833)	(93)	(638)
Commodity futures contracts	(9)	(217)	.	(34)
Equity futures contracts	-	(4)	-	(3)
	<b>(537)</b>	<b>(2,030)</b>	<b>(362)</b>	<b>(942)</b>
<b>Balance</b>	<b>(143)</b>	<b>(605)</b>	<b>(161)</b>	<b>444</b>

The book values are taken from the items of the balance sheet and relate to other assets, other liabilities and other provisions. Other assets and other liabilities primarily comprise paid and received option premiums from currency options. Other provisions consist on the one hand of negative fair values and changes in fair values of derivatives which are not included in a valuation unit, and on the other hand of negative ineffectiveness from valuation units.

The fair values of currency futures are determined on the basis of current ECB reference rates with consideration of forward premiums or discounts. Currency and interest options are measured with the use of quoted rates or option price models. The fair values of interest rate contracts are determined on the basis of discounted expected future cash flows with the use of the market interest rates applicable for the remaining time until maturity of the financial instruments. The fair values of commodity contracts are determined on the basis of current spot rates on commodity exchanges with consideration of forward premiums or discounts.



If derivative financial instruments are included in valuation units with the related underlying transactions, an effectiveness measurement is carried out both at the beginning of the hedging period and on each following balance sheet date upon which the hedge exists. In the case of simple micro hedges, the terms and parameters of the underlying transaction and the hedging transaction are compared with each other. With more complex macro hedges, the dollar-offset method is mainly used. The risk management system at the Daimler Group monitors the effectiveness of hedges.

**Foreign exchange contracts.** Currency futures and currency options in the automotive business are combined with the expected cash flows they are based upon for each currency in valuation units (macro hedges). To the extent that negative fair values from the valuation of hedges are offset by currency gains from the expected underlying transactions, they are not accounted for; in this case, the corresponding losses are only recognized in profit and loss for the period when the derivatives mature, simultaneously with the currency gains from the underlying transactions. Provisions are recognized for any amounts in excess of that. The hedging period is generally up to three years. Setting hedging volumes lower than the planned cash flows in the respective foreign currency and decreasing as time passes ensures that the future cash flows from the derivatives are covered to a high degree of certainty by opposing currency effects from the underlying transactions.

Currency futures of the financing activities outside the Group are combined into valuation units with opposing hedges concluded within the Group. Currency futures outside the Group that are not opposed by any corresponding hedges within the Group are included with the related financial receivables and payables in valuation units, provided that the documentation requirements for a micro hedge are fulfilled. Otherwise, provisions are recognized in the amount of the negative fair values. The hedging period is generally one to three years.

**Interest rate contracts.** Interest swaps and interest / currency swaps are combined into valuation units with opposing interest rate contracts within the Group. For interest hedges outside the Group that are not opposed by any corresponding hedges within the Group, provisions are recognized in the amount of the negative fair values. In the case of interest / currency swaps, provided the documentation requirements for micro hedges are fulfilled, they are included in valuation units with the related financial receivables and liabilities. Otherwise, provisions are recognized in the amount of the negative fair values. The hedging period is generally one to three years.

**Commodity futures contracts.** Provided that applicable statutory requirements can be fulfilled, commodity futures contracts are combined in valuation units (macro hedges) with the price-change effects of the future material purchases they are intended to hedge. To the extent that negative fair values from the valuation of hedges are opposed by positive price-change effects from the expected underlying transactions, they are not accounted for; in this case, the corresponding losses are recognized in profit and loss for the period when the price-change effects from the purchases of raw materials are recognized. Provisions are recognized for any amounts in excess of that. The hedging period is generally

one to three years. Setting hedging rates lower than the planned material requirements and decreasing as time passes ensures that the future cash flows from the derivatives are covered to a high degree of certainty by opposing price-change effects of the hedged materials.

## Contingent liabilities

Contingent liabilities are possible future liabilities which will only become certain on the occurrence of some future event. At the balance sheet date, such events are not regarded as likely, but cannot be ruled out. At December 31, 2010, contingent liabilities amount to € 35,323 million (2009: € 38,853 million) primarily consisting of guarantees). They include guarantees to domestic and foreign subsidiaries amounting to € 34,967 million (2009: € 38,354 million) which primarily comprise guarantees provided to creditors of subsidiaries of Daimler AG (for example for loans they have taken out and bonds they have issued) and liabilities to banks.

Guarantees were issued for the benefit of third parties with a total amount of € 268 million (2009: € 421 million). Thereof a payment guarantee exists in an amount of € 105 million that was provided in the context of a 45 % equity interest in Toll Collect GmbH. A guarantee of payment in an amount of € 150 million (US \$ 200 million) exists in favor of the Pension Benefit Guaranty Cooperation from the pension obligations of the Chrysler companies.

## Other financial liabilities

Other financial liabilities total € 14,474 million (thereof due in 2011: € 9,779 million). Financial liabilities to subsidiaries amount to € 5,267 million (thereof due in 2011: € 3,150 million).

In connection with vehicle sales and leasing, vehicle buyback obligations common in the industry exist towards third parties and subsidiaries of Daimler AG.

Other financial liabilities resulting from rental and leasing agreements amount to € 2,079 million (thereof due in 2011: € 827 million). Other financial liabilities include guarantees to subsidiaries amounting to € 1,472 million (thereof due in 2011: € 702 million). Rental obligations towards the property management company Grundstücksverwaltungsgesellschaft Mercedes-Benz AG & Co. OHG amount to € 1,177 million (thereof due in 2011: € 580 million).

The remaining financial liabilities, in particular the purchase commitment, are of a magnitude typical of the industry.

## Related party relationships according to Section 285 No. 21 of the HGB (German Commercial Code)

**Affiliated and associated companies.** Most of the goods and services supplied within the ordinary course of business between Daimler AG and related parties comprise transactions with affiliated and associated companies and are included in the following table:

	Affiliated companies	Associated companies
in millions of €		
Sales of goods and services and other income in 2010	7,925	2,637
Purchases of goods and services and other expenses in 2010	2,335	261
Receivables at December 31, 2010	2,756	544
Payables at December 31, 2010	2,386	199

In connection with a 45 % equity interest of the Daimler Group in Toll Collect GmbH, Daimler has issued a guarantee that is not included in the table.

**Board members.** Throughout the world, Daimler AG has business relationships with numerous entities that are also customers and / or suppliers of the Daimler AG. Those customers and / or suppliers include companies that have a connection with some of the members of the Supervisory Board or of the Board of Management of Daimler AG or its subsidiaries.

**Shareholders.** Daimler AG distributes vehicles in Turkey through a dealership which also holds a minority interest in one of the Group's subsidiaries. In addition, the Group has business relationships with vehicle importers in certain other countries that also hold minority interests in Group companies.

## Legal proceedings

Various legal proceedings, claims and governmental investigations are pending against Daimler AG and its subsidiaries on a wide range of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights, product warranties, environmental matters, and shareholder matters. Some of these proceedings allege defects in various components in several different vehicle models or allege design defects relating to vehicle stability, pedal misapplication, brakes or crashworthiness. Some of these proceedings are filed as class action lawsuits that seek repair or replacement of the vehicles or compensation for their alleged reduction in value, while others seek recovery for damage to property, personal injuries or wrongful death. Adverse decisions in one or more of these proceedings could require us to pay substantial compensatory and punitive damages or undertake service actions, recall campaigns or other costly actions.

In mid-January 2011 the European Commission carried out anti-trust investigations of European commercial vehicle manufacturers, including Daimler AG. Daimler is taking the Commission's initial suspicion very seriously and is also - parallel to the Commission's investigations - carrying out its own extensive internal investigation to clarify the underlying circumstances. If antitrust infringements are discovered, the European Commission can impose considerable fines depending on the gravity of the infringement.

On April 1, 2010, Daimler announced a settlement of the previously disclosed US Securities and Exchange Commission (SEC) and US Department of Justice (DOJ) investigations into possible violations by Daimler of the anti-bribery, record-keeping, and internal-controls provisions of the US Foreign Corrupt Practices Act (FCPA).

Pursuant to the settlement reached with the SEC, the SEC filed a civil complaint against Daimler AG in the US District Court for the District of Columbia (the Court). Without admitting or denying the allegations in the complaint, Daimler AG consented to the entry by the Court of a final judgment. Pursuant to the Court's judgment: (i) Daimler AG disgorged US \$ 91.4 million in profits, (ii) Daimler AG is enjoined from violating the anti-bribery, record-keeping and internal-controls provisions of the FCPA, and (iii) the Honorable Louis J. Freeh is Daimler AG's post-settlement monitor for a three-year period.

Pursuant to the settlement reached with the DOJ, Daimler AG entered into a deferred-prosecution agreement with a two-year term under which the DOJ filed with the Court a two-count criminal information against Daimler AG charging it with: (i) conspiracy to violate the record-keeping provisions of the FCPA, and (ii) violating the record-keeping provisions of the FCPA. Herewith, Daimler AG agreed to pay a maximum criminal fine of US \$ 93.6 million, to engage the Honorable Louis J. Freeh as post-settlement monitor for a three-year period, and to continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws. In addition, a China-based subsidiary, Daimler North East Asia, Ltd. (DNEA), entered into a deferred-prosecution agreement with the same term

with the DOJ under which the DOJ filed with the Court a two-count criminal information against DNEA.

In addition, a Russia-based subsidiary, Mercedes-Benz Russia SRO (MB Russia), and a Germany-based subsidiary, Daimler Export and Trade Finance GmbH (ETF), each entered into plea agreements with the DOJ with a three-year probation period under which they pleaded guilty to: (i) conspiracy to violate the anti-bribery provisions of the FCPA, and (ii) violating the anti-bribery provisions of the FCPA. Under their respective plea agreements, the Court sentenced MB Russia to pay a criminal fine of US \$ 27.36 million and sentenced ETF to pay a criminal fine of US \$ 29.12 million. These amounts were deducted from the maximum fine Daimler AG agreed to pay.

As a result of the SEC and DOJ settlements, Daimler paid a total of US \$ 185 million in fines and civil disgorgement. Daimler previously recognized sufficient provisions to cover these fines. In addition, Daimler has taken personnel and remedial actions to ensure that its conduct going forward complies with the FCPA and similar applicable laws, including establishing a company-wide compliance organization and evaluating and revising Daimler's governance policies and internal-control procedures.

The failure to comply with the terms and conditions of either the SEC or the DOJ settlement, including the terms of the deferred-prosecution agreements, could result in resumed prosecution and other regulatory sanctions.

Communications with and provision of documents to the offices of German public prosecutors regarding the matters that have been under investigation by the DOJ and SEC have been taken place.

On August 17, 2009, the Official Committee of Unsecured Creditors of OldCarCo LLC (formerly Chrysler LLC) filed a lawsuit with the United States Bankruptcy Court, Southern District of New York, against Daimler AG, Daimler North America Corporation and others. The Committee has been substituted by the Liquidation Trust, which claims unspecified damages based on theories of constructive fraudulent transfer and other legal theories, alleging that the consideration received in certain transactions effected in connection with the investment by Cerberus in Chrysler LLC was not fair consideration. Daimler has submitted miscellaneous legal defense arguments and considers these claims and allegations of the Liquidation Trust to be without merit and will defend itself vigorously.

The Federal Republic of Germany initiated arbitration proceedings against Daimler Financial Services AG, Deutsche Telekom AG and Toll Collect GbR and submitted its statement of claims in August 2005. It seeks damages, contractual penalties and the transfer of intellectual property rights to Toll Collect GmbH. In particular, the Federal Republic of Germany is claiming

- lost revenue of € 3.33 billion for the period September 1, 2003 through December 31, 2004 plus interest at 5 % per annum over the respective base rate since submission of claims (amount as of November 21, 2010 at € 1.4 billion),

- and contractual penalties of approximately € 1.65 billion through July 31, 2005 plus interest at 5 % per annum over the respective base rate since submission of claims (amount as of November 21, 2010 at € 282 million),
- plus refinancing costs of € 115 million.

Since, among other things, some of the contractual penalties are dependent on time and further claims for contractual penalties have been asserted by the Federal Republic of Germany, the amount claimed as contractual penalties may increase. Defendants submitted their response to the statement of claims on June 30, 2006. The Federal Republic of Germany delivered its reply to the arbitrators on February 15, 2007, and the defendants delivered their rebuttal on October 1, 2007. The arbitrators held the first hearing on June 16 and 17, 2008. Additional briefs from the claimant and the defendants were filed since then. A hearing of witnesses and experts took place between December 6 and 14, 2010. Further written statements shall be submitted by the Parties until May 20, 2011. Daimler believes the claims are without merit and will continue to defend itself vigorously.

Litigation is subject to many uncertainties and Daimler cannot predict the outcome of individual matters with assurance. The Company establishes provisions in connection with pending or threatened litigation if a loss is probable and can be reasonably estimated. Since these provisions, which are reflected in the financial statements, represent estimates, it is reasonably possible that the resolution of some of these matters could require us to make payments in excess of the amounts accrued in an amount or range of amounts that could not be reasonably estimated at December 31, 2010. It is also reasonably possible that the resolution of some of the matters for which provisions could not be made may require the Company to make payments in an amount or range of amounts that could not be reasonably estimated at December 31, 2010. Although the final resolution of any such matters could have a material effect on Daimler's operating results and cash flows for a particular reporting period, Daimler believes that it should not materially affect its financial position.

## Remuneration of the members of the Board of Management and the Supervisory Board

The following information regarding the remuneration of the members of the Board of Management and of the Supervisory Board is disclosed on an individual basis in the Remuneration Report, which is part of the Management Report.

**Board of Management.** The total remuneration to the members of the Board of Management of Daimler AG is calculated from the total amounts of remuneration paid in cash (base salary and annual bonus), the value of the share-based remuneration at the time when granted in February 2009 and 2010 (Performance Phantom Share Plan – PPSP), and the total of non-cash benefits in kind that are subject to income tax. For further information on share-based remuneration see page 17.

In 2010, total remuneration comprised € 4.8 million as fixed, i.e. non-performance-related remuneration (2009: € 4.8 million); € 13.5 million as short-term variable, i.e. short-term performance-related remuneration (2009: € 1.8 million); and € 7.5 million as variable performance-related remuneration with a medium and long-term incentive effect granted in 2010 (2009: € 5.2 million). In total, this adds up to a total of € 25.8 million for the year 2010 (2009: € 11.8 million).

Once again, basic salaries were reduced due to the voluntary waiver by the members of the Board of Management of 15 % of their base salaries, which was in effect from May 1, 2009 until June 30, 2010.

The pension agreements of some Board of Management members include a commitment to an annual retirement pension, calculated as a proportion of the former base salary and depending on the number of years of service. Those pension rights were granted until 2005 and remain valid, but have been frozen at that level.

Retirement pensions start upon request when the term of service ends at or after the age of 60, or are paid as disability pensions if the term of service ends before age 60 due to disability. The agreements provide for a 3.5 % annual increase in benefits (with the exception of that Wilfried Porth's benefits will be adjusted in accordance with applicable law). The agreements include a provision by which a spouse of a deceased Board of Management member is entitled to 60 % of that member's pension. The amount can increase by up to 30 percentage points depending on the number of dependent children.

Effective as of January 1, 2006, we substituted the pension agreements of the Board of Management members with a new arrangement, the so-called pension capital system. Under this system, each Board of Management member is credited with a capital component each year.

This capital component comprises an amount equal to 15 % of the sum of the Board of Management member's fixed base salary and the annual bonus that was actually achieved, multiplied by an age factor equivalent to a certain rate of return, at present 6 % (Wolfgang Bernhard and Wilfried Porth: 5 %). The benefit from this pension plan is payable at the age of 60 at the earliest.

The following details of retirement pension benefits were determined with consideration of the parameters used in the calculation of provisions for pensions and similar obligations. Service costs for pension obligations amounted to € 1.9 million in 2010 (2009: € 1.7 million). The present value of the total defined benefit obligation amounted to € 48.2 million at December 31, 2010 (December 31, 2009: € 41.6 million). Taking age and period of service into account, the individual entitlements, service costs and present values are as follows:

	Annual pension		Service cost		Present value of obligations	
	(as regulated until 2005 as of age 60)		(for pension and pension capital)		(for pension and pension capital)	
	2010	2009	2010	2009	2010	2009
in thousands of €						
Dr. Dieter Zetsche	1,050	1,050	717	629	25,574	22,706
Dr. Wolfgang Bernhard	-	-	161	-	402	-
Wilfried Porth	156	156	119	88	3,614	3,002
Andreas Renschler	250	250	245	215	5,944	5,078
Bodo Uebber	275	275	400	362	5,200	4,301
Dr. Thomas Weber	300	300	272	240	7,424	6,501
<b>Total</b>	<b>2,031</b>	<b>2,031</b>	<b>1,914</b>	<b>1,534</b>	<b>48,158</b>	<b>41,588</b>

No severance payments are foreseen for Board of Management members in the case of early termination of their service contracts. Solely in the case of early termination of a service contract by mutual consent, Board of Management service contracts include a commitment to payment of the base salary and provision of a company car until the end of the original service period. Such persons are only entitled to payment of the performance-related component of remuneration pro rata for the period until they leave the Company. Entitlement to payment of the performance related component of remuneration with a long-term incentive effect is defined by the exercise conditions specified in the respective plans. For the period beginning after the end of the original service period, departing Board of Management members can receive payments in the amounts of the pension commitments granted as described in the previous section, as well as the use of a company car. In the case of those persons receiving payments until the age of 60, possibly reduced due to other sources of income, the aforementioned increased amounts also apply.

The payments made in 2010 to former members of the Board of Management of Daimler AG and their survivors amounted to € 17.5 million (2009: € 16.0 million). The pension provisions for former members of the Board of Management and their survivors amounted to € 193.9 million as of December 31, 2010 (2009: € 192.8 million).

No advances or loans were made to members of the Board of Management of Daimler AG.

**Supervisory Board.** The remuneration paid in 2010 to the members of the Supervisory Board of Daimler AG for their services to the Group totaled € 2.7 million (2009: € 2.6 million). The remuneration of the members of the Supervisory Board includes no performance-related variable components.

In the Supervisory Board meeting in April 2009, the Supervisory Board members decided unanimously to waive 10 % of the respective individual Supervisory Board remuneration to support the labor cost reductions, effective from May 1, 2009, until June 30, 2010.

Except for the remuneration paid to the members of the Supervisory Board representing the employees in accordance with their contracts of employment, no remuneration was paid for services provided personally beyond the aforementioned board and committee activities, in particular for advisory or agency services in 2009 to 2010. The members of the Supervisory Board only receive benefits that are due in the short term, apart from the remuneration and other benefits received by the members representing the employees from their contracts of employment.

No advances or loans were made to members of the Supervisory Board of Daimler AG.

## Reportable procedures according to Section 160 (1) No. 8 of the AktG (German Stock Corporation Act)

At the balance sheet date of December 31, 2010, shareholdings in the Company exist that were communicated pursuant to Section 21 Subsection 1 of the German Securities Trading Act (WpHG) and disclosed pursuant to Section 26 Subsection 1 of the WpHG as follows:

„**Capital Research and Management Company**, Los Angeles, USA, has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG), that on May 26, 2010, the stake of Capital Research and Management Company in the voting rights in Daimler AG, Mercedesstr. 137, 70327 Stuttgart, exceeded the threshold of 3 %. On that date, Capital Research and Management held 3.10 % (32,933,948 ordinary shares) in relation to all voting rights in Daimler AG. 3.10 % (32,933,948 ordinary shares) of all voting rights in Daimler AG were attributed to Capital Research and Management Company pursuant to section 22 (1) sent. 1 no. 6 WpHG.“

“**Renault S. A.**, Boulogne-Billancourt, France, has notified us pursuant to section 21 para. 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that its percentage holding of the voting rights in Daimler AG, Mercedesstr. 137, 70327 Stuttgart, Germany, exceeded the threshold of 3 % on April 28, 2010 and amounts to 3.10 % (32,896,756 voting rights) on that day. Thereof 16,448,378 voting rights (representing 1.55 % of the voting rights in Daimler AG) directly held by Nissan Motor Co. Ltd. are attributable to Renault S. A. pursuant to section 22 para. 2 WpHG.”

**Nissan Motor Co. Ltd.**, Yokohama, Japan, has notified us pursuant to section 21 para. 1 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that its percentage holding of the voting rights in Daimler AG, Mercedesstr. 137, 70327 Stuttgart, Germany, exceeded the threshold of 3 % on April 28, 2010 and amounts to 3.10 % (32,896,756 voting rights) on that day. Thereof 16,448,378 voting rights (representing 1.55 % of the voting rights in Daimler AG) directly held by Renault S. A. are attributable to Nissan Motor Co. Ltd. pursuant to section 22 para. 2 WpHG.”

“**The Kuwait Investment Authority** as Agent for the Government of the State of Kuwait, Kuwait City, State of Kuwait, has notified us pursuant to Section 21, paragraph 1 of the German Securities Trading Act that the voting rights of the State of Kuwait in Daimler AG, Mercedesstr. 137, 70327 Stuttgart, Germany, exceeded the threshold of 5 % on April 22, 2010 and that it held 5.33 % (56,589,320 voting rights) as per this date. According to the notification, all voting rights are directly held.”

“By letter dated 07.12.2009, the announcing entities **BlackRock Financial Management, Inc.**, New York, NY, USA; **BlackRock Holdco 2, Inc.**, New York, NY, USA and **BlackRock, Inc.**, New York, NY, USA, have notified us, the issuer Daimler AG, Mercedesstrasse 137, 70327 Stuttgart, Germany, pursuant to section 21 (1) of the Securities Trading Act (Wertpapierhandelsgesetz - 'WpHG') as follows:

1. We should hereby like to inform you pursuant to Sections 21 Paragraph 1 and 24 WpHG that the percentage holding of the voting rights of BlackRock Financial Management, Inc. in Daimler

AG exceeded the threshold of 3 % on 01.12.2009 and amounts to 3.78 % (40,118,914 voting shares) on that day.

All of the voting rights are attributable to BlackRock Financial Management, Inc. pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in connection with sent. 2 WpHG.

2. We should hereby like to inform you pursuant to Sections 21 Paragraph 1 and 24 WpHG that the percentage holding of the voting rights of BlackRock Holdco 2, Inc. in Daimler AG exceeded the threshold of 3 % on 01.12.2009 and amounts to 3.78 % (40,118,914 voting shares) on that day.

All of the voting rights are attributable to BlackRock Holdco 2, Inc. pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in connection with sent. 2 WpHG.

3. We should hereby like to inform you pursuant to Sections 21 Paragraph 1 and 24 WpHG that the percentage holding of the voting rights of BlackRock, Inc. in Daimler AG exceeded the threshold of 3 % on 01.12.2009 and amounts to 3.90 % (41,372,761 voting shares) on that day.

All of the voting rights are attributable to BlackRock, Inc. pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in connection with sent. 2 WpHG.”

“**Semare Beteiligungsverwaltungs GmbH**, Vienna, Republic of Austria, has notified us pursuant to Section 21, paragraph 1 of the German Securities Trading Act that its voting rights in Daimler AG exceeded the thresholds of 3 % and 5 % on 24 March 2009 and that it holds 9.087 % (96,408,000 voting rights) as per this date. All voting rights are directly held by Semare Beteiligungsverwaltungs GmbH.

Furthermore, Gutiba Beteiligungsverwaltungs GmbH, Vienna, Republic of Austria, has notified us pursuant to Section 21, paragraph 1 of the German Securities Trading Act that its voting rights in Daimler AG exceeded the thresholds of 3 % and 5 % on 24 March 2009 and that it holds 9.087 % (96,408,000 voting rights) as per this date. All voting rights are attributed to Gutiba Beteiligungsverwaltungs GmbH pursuant to Section 22 paragraph 1 sentence 1 no. 1 German Securities Trading Act. An attribution is conducted via Semare Beteiligungsverwaltungs GmbH whose attributed voting rights are 3 % or more.

Furthermore, Aabar Investments PJSC, Abu Dhabi, United Arab Emirates, has notified us pursuant to Section 21, paragraph 1 of the German Securities Trading Act that its voting rights in Daimler AG exceeded the thresholds of 3 % and 5 % on 24 March 2009 and that it holds 9.087 % (96,408,000 voting rights) as per this date. All voting rights are attributed to Aabar Investments PJSC pursuant to Section 22 paragraph 1 sentence 1 no. 1 German Securities Trading Act. An attribution is conducted via Semare Beteiligungsverwaltungs GmbH and Gutiba Beteiligungsverwaltungs GmbH whose attributed voting rights are each 3 % or more.

Furthermore, International Petroleum Investment Company, Abu Dhabi, United Arab Emirates, has notified us pursuant to Section 21, paragraph 1 of the German Securities Trading Act that its

voting rights in Daimler AG exceeded the thresholds of 3 % and 5 % on 24 March 2009 and that it holds 9.087 % (96,408,000 voting rights) as per this date. All voting rights are attributed to International Petroleum Investment Company pursuant to Section 22 paragraph 1 sentence 1 no. 1 German Securities Trading Act. An attribution is conducted via Semare Beteiligungsverwaltungs GmbH, Gutiba Beteiligungsverwaltungs GmbH and Aabar Investments PJSC whose attributed voting rights are each 3 % or more.

Finally, the Government of the Emirate of Abu Dhabi, Emirate of Abu Dhabi, has notified us pursuant to Section 21, paragraph 1 of the German Securities Trading Act that its voting rights in Daimler AG exceeded the thresholds of 3 % and 5 % on 24 March 2009 and that it holds 9.087 % (96,408,000 voting rights) as per this date. All voting rights are attributed to the Government of the Emirate of Abu Dhabi pursuant to Section 22 paragraph 1 sentence 1 no. 1 German Securities Trading Act. An attribution is conducted via Semare Beteiligungsverwaltungs GmbH, Gutiba Beteiligungsverwaltungs GmbH, Aabar Investments PJSC and International Petroleum Investment Company whose attributed voting rights are each 3 % or more.”

#### Declaration of Compliance with the German Corporate Governance Code

The obligatory statement pursuant to Section 161 of the AktG was executed by the Board of Management and the Supervisory Board and is permanently accessible on [www.daimler.com/corpgov\\_e](http://www.daimler.com/corpgov_e).

## Members of the Board of Management and their mandates

### Members of the Board of Management

### Supervisory Board Memberships / Directorships

#### Dr.-Ing. Dieter Zetsche

Stuttgart  
Chairman of the Board of Management Daimler AG /  
Head of Mercedes-Benz Cars  
Appointed until December 2013

#### *Internal Directorships*

None

#### *External Directorships*

RWE AG

#### Dr. Wolfgang Bernhard

Stuttgart  
Manufacturing and Procurement Mercedes-Benz Cars &  
Mercedes-Benz Vans  
Appointed until February 2013

#### *Internal Directorships*

Beijing Benz Automotive Co., Ltd.  
Mercedes-Benz South Africa (PTY) Ltd.

#### *External Directorships*

Österreichische Industrieholding AG (ÖIAG)

#### Dr. Christine Hohmann-Dennhardt

Stuttgart  
Integrity and Legal Affairs  
(since February 16, 2011)  
Appointed until February 2014

#### *Internal Directorships*

None

#### *External Directorships*

None

#### Wilfried Porth

Stuttgart  
Human Resources & Labor Relations Director  
Appointed until April 2012

#### *Internal Directorships*

Daimler Financial Services AG

#### *External Directorships*

EADS Participations B.V.  
European Aeronautic Defence and Space Company EADS N.V.

#### Andreas Renschler

Stuttgart  
Daimler Trucks  
Appointed until September 2013

#### *Internal Directorships*

Daimler Financial Services AG  
EvoBus GmbH - Chairman  
Mitsubishi Fuso Truck and Bus Corporation

#### *External Directorships*

Deutsche Messe AG  
Tognum AG

#### Bodo Uebber

Stuttgart  
Finance & Controlling /  
Daimler Financial Services  
Appointed until December 2014

#### *Internal Directorships*

Mercedes-Benz Bank AG  
Daimler Financial Services AG - Chairman  
Daimler Luft- und Raumfahrt Holding AG - Chairman

#### *External Directorships*

Dedalus GmbH & Co. KGaA  
EADS Participations B.V. - Chairman  
European Aeronautic Defence  
and Space Company EADS N.V. - Chairman  
Talanx AG

#### Dr.-Ing. Thomas Weber

Stuttgart  
Group Research &  
Mercedes-Benz Cars Development  
Appointed until December 2013

#### *Internal Directorships*

MB-technology GmbH - Chairman  
Mercedes-AMG GmbH  
Mercedes-Benz HighPerformanceEngines Ltd. - Chairman  
Mercedes Grand Prix Ltd. - Chairman

#### *External Directorships*

None



## Members of the Supervisory Board

### Members of the Supervisory Board

#### Dr. Manfred Bischoff

Munich  
Chairman of the Supervisory Board of Daimler AG

### Supervisory Board Memberships / Directorships

Fraport AG  
Royal KPN N.V.  
SMS GmbH - Chairman  
UniCredit S.p.A.  
Voith GmbH - Chairman

#### Erich Klemm \*)

Sindelfingen  
Chairman of the General Works Council, Daimler Group and  
Daimler AG;  
Deputy Chairman of the Supervisory Board of Daimler AG

#### Dr. Paul Achleitner

Munich  
Member of the Board of Management  
of Allianz SE  
(since April 14, 2010)

Bayer AG  
RWE AG  
Allianz Investment Management SE – Chairman  
Allianz Global Investors AG

#### Sari Baldauf

Helsinki  
Former Executive Vice President and General Manager  
of the Networks Business Group of Nokia Corporation

Hewlett-Packard Company  
F-Secure Corporation  
CapMan OYj  
Fortum OYj

#### Dr. Clemens Börsig

Frankfurt am Main  
Chairman of the Supervisory Board of Deutsche Bank AG

Linde AG  
Bayer AG  
Emerson Electric Co.

#### Prof. Dr. Heinrich Flegel \*)

Stuttgart  
Director Research Materials, Lightweight Design and Manufacturing,  
Daimler AG;  
Chairman of the Management Representative Committee,  
Daimler Group

#### Dr. Jürgen Hambrecht

Ludwigshafen  
Chairman of the Board of Executive Directors of BASF SE

Deutsche Lufthansa AG

#### Jörg Hofmann \*)

Stuttgart  
German Metalworkers' Union (IG Metall), District Manager,  
Baden-Württemberg

Robert Bosch GmbH  
Heidelberger Druckmaschinen AG

#### Dr. Thomas Klebe \*)

Frankfurt am Main  
General Counsel of the German Metalworkers' Union (IG Metall)

Daimler Luft- und Raumfahrt Holding AG  
ThyssenKrupp Materials International GmbH

#### Gerard Kleisterlee

Amsterdam  
President and CEO of Royal Philips Electronics N.V.

De Nederlandsche Bank N.V.  
Royal Dutch Shell Plc.

\*) Representative of the employees

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**Members of the Supervisory Board****Supervisory Board Memberships / Directorships**

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**Jürgen Langer \*)**

Frankfurt am Main  
Chairman of the Works Council of the Frankfurt / Offenbach  
Dealership, Daimler AG

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**Ansgar Osseforth \*)**

Sindelfingen  
Manager Mercedes-Benz Research and Development;  
Member of the Works Council, Sindelfingen Plant, Daimler AG

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**Valter Sanches \*)**

São Paulo  
Secretary of International Relations of Confederação  
Nacional dos Metalúrgicos / CUT

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**Dr. Manfred Schneider**

Leverkusen  
Chairman of the Supervisory Board of Bayer AG

Linde AG - Chairman  
RWE AG - Chairman  
TUI AG

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**Stefan Schwaab \*)**

Gaggenau  
Vice Chairman of the General Works Council,  
Daimler Group and Daimler AG;  
Vice Chairman of the Works Council, Gaggenau Plant, Daimler AG

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**Jörg Spies \*)**

Stuttgart  
Chairman of the Works Council, Headquarters, Daimler AG  
(since January 5, 2010)

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**Lloyd G. Trotter**

Plainville  
Former Vice Chairman General Electric;  
President & CEO of the General Electric Group's Industrial Division;  
Managing Partner, Founder, GenNx360 Capital Partners

PepsiCo Inc.  
Textron Inc.

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**Dr. h.c. Bernhard Walter**

Frankfurt am Main  
Former Spokesman of the Board of Management of  
Dresdner Bank AG

Bilfinger Berger SE - Chairman  
Deutsche Telekom AG  
Henkel AG & Co. KGaA

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**Uwe Werner \*)**

Bremen  
Chairman of the Works Council, Bremen Plant, Daimler AG

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**Lynton R. Wilson**

Toronto  
Chairman of the Board of CAE Inc.;  
Chancellor, McMaster University

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\*) Representative of the employees

#### Retired from the Supervisory Board:

##### **Arnaud Lagardère**

Paris  
General Partner and CEO of Lagardère SCA  
(retired April 14, 2010)

##### **Helmut Lense \*)**

Stuttgart  
Chairman of the Works Council, Untertürkheim Plant, Daimler AG  
(retired December 31, 2009)

#### Committees of the Supervisory Board:

##### **Committee pursuant to Section 27 (3) of the German Codetermination Act (MitbestG)**

Dr. Manfred Bischoff - Chairman  
Erich Klemm \*)  
Dr. Manfred Schneider  
Dr. Thomas Klebe \*)

##### **Presidential Committee**

Dr. Manfred Bischoff - Chairman  
Erich Klemm \*)  
Dr. Manfred Schneider  
Dr. Thomas Klebe \*)

##### **Audit Committee**

Dr. h.c. Bernhard Walter - Chairman  
Dr. Clemens Börsig  
Erich Klemm \*)  
Stefan Schwaab \*)

##### **Nomination Committee**

Dr. Manfred Bischoff - Chairman  
Dr. Manfred Schneider  
Lynton R. Wilson

\*) Representative of the employees

# Statement of Investments in affiliated and related companies

according to Section 285 No. 11 and No.11a in conjunction with Section 286 (3) No. 1 of the HGB (German Commercial Code)

## Investments in companies with a capital share of 20 % or more

Name and domicile of the company	Capital share <sup>1)</sup> %	Equity in millions of €	Net income (Net loss) in millions of €	
<b>Automotive business</b>				
<b>Domestic</b>				
Anlagenverwaltung Daimler AG & Co. OHG Berlin, Schönefeld	100.00	263	30	4)/6)
car2go GmbH, Ulm	100.00	12	–	2)
Daimler Vermögens- und Beteiligungsgesellschaft mbH, Stuttgart	100.00	7,922	–	2)
EvoBus GmbH, Stuttgart	100.00	293	–	2)
Grundstücksverwaltungsgesellschaft EvoBus GmbH & Co. OHG, Schönefeld	100.00	143	14	
Grundstücksverwaltungsgesellschaft Mercedes-Benz AG & Co. OHG, Schönefeld	100.00	5,065	661	4)/6)
Maschinenfabrik Esslingen AG & Co. OHG, Schönefeld	100.00	246	42	4)/6)
Mercedes-AMG GmbH, Affalterbach	100.00	21	–	2)
Mercedes-Benz Accessories GmbH, Stuttgart	100.00	5	–	2)
Mercedes-Benz Ludwigsfelde GmbH, Ludwigsfelde	100.00	84	–	2)
<b>Foreign</b>				
Beijing Benz Automotive Co., Ltd., Beijing, PR China	50.00	295	79	6)
Daimler India Commercial Vehicles Private Limited, Chennai, India	100.00	134	(20)	
Daimler Northeast Asia Ltd., Beijing, PR China	100.00	130	12	6)
Daimler Northeast Asia Parts Trading & Services Co., Ltd., Beijing, PR China	100.00	34	11	4)/6)
Daimler South East Asia Pte. Ltd., Singapore, Singapore	100.00	71	30	6)
Daimler Trucks North America LLC, Portland, USA	100.00	708	72	4)/5)
Daimler Vehículos Comerciales Mexico S. de R.L. de C.V., Mexico City, Mexico	100.00	196	23	4)
Fujian Daimler Automotive Co., Ltd., Fuzhou, PR China	50.00	116	(17)	4)/6)
Mercedes-Benz (China) Ltd., Beijing, PR China	51.00	577	375	6)
Mercedes-Benz (Thailand) Limited, Bangkok, Thailand	100.00	74	30	6)
Mercedes-Benz Argentina S.A., Buenos Aires, Argentina	100.00	137	47	5)/6)
Mercedes-Benz Australia / Pacific Pty. Ltd., Mulgrave, Australia	100.00	377	102	4)/6)
Mercedes-Benz Belgium Luxembourg S.A., Brussels, Belgium	100.00	59	22	6)
Mercedes-Benz Canada Inc., Toronto, Canada	100.00	86	37	4)/6)
Mercedes-Benz do Brasil Ltda., São Bernardo do Campo, Brazil	100.00	1,606	632	

Name and domicile of the company	Capital	Equity	Net income	
	share <sup>1)</sup>		(Net loss)	
		in millions of		
	%	€	€	€
Mercedes-Benz Espana, S.A., Alcobendas, Spain	99.96	253	47	6)
Mercedes-Benz France SAS, Rocquencourt, France	100.00	411	87	6)
Mercedes-Benz Hellas S.A., Kifissia, Greece	100.00	21	(16)	6)
Mercedes-Benz Hong Kong Limited, Hong Kong, PR China	100.00	29	19	6)
Mercedes-Benz India Private Limited, Pune, India	100.00	92	14	6)/12)
Mercedes-Benz Italia S.p.A., Rome, Italy	100.00	247	(104)	6)
Mercedes-Benz Japan Co., Ltd., Tokyo, Japan	100.00	579	180	6)
Mercedes-Benz Korea Limited, Seoul, Republic Korea	51.00	41	15	6)
Mercedes-Benz Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	51.00	81	44	6)
Mercedes-Benz Manufacturing Hungary Kft., Kecskemét, Hungary	100.00	24	(13)	8)
Mercedes-Benz Nederland B.V., Utrecht, Netherlands	100.00	250	56	6)
Mercedes-Benz Polska Sp. z o.o., Warsaw, Poland	100.00	47	12	6)
Mercedes-Benz Russia SAO, Moscow, Russia	100.00	84	(10)	3)
Mercedes-Benz Schweiz AG, Schlieren, Switzerland	100.00	231	49	6)
Mercedes-Benz South Africa (Pty.) Ltd., Pretoria, Republic of South Africa	100.00	650	80	6)
Mercedes-Benz Sverige AB, Malmö, Sweden	100.00	55	35	4)/6)
Mercedes-Benz Türk A.S., Istanbul, Turkey	66.91	463	97	6)
Mercedes-Benz U.S. International, Inc., Vance, USA	100.00	373	2	4)/6)
Mercedes-Benz USA, LLC, Montvale, USA	100.00	656	260	4)/6)
Mitsubishi Fuso Truck and Bus Corporation, Kawasaki, Japan	89.29	(167)	(452)	13)
P.T. Mercedes-Benz Distribution Indonesia, Jakarta, Indonesia	95.00	81	51	6)
P.T. Mercedes-Benz Indonesia, Jakarta, Indonesia	100.00	74	31	6)
smart France SAS, Hambach, France	100.00	2	(37)	6)
Starexport Trading S.A., São Bernardo do Campo, Brazil	100.00	433	7	4)

## Aerospace and industrial business

### Domestic

DADC Luft- und Raumfahrt Beteiligungs AG, Munich	25.00	574	.	3)/4)
Daimler Aerospace GmbH & Co. KG, Stuttgart	66.67	1,617	.	4)/11)
Daimler Luft- und Raumfahrt Holding AG, Ottobrunn	99.95	3,445	–	2)
EHG Elektroholding GmbH, Stuttgart	100.00	1,130	–	2)
Tognum AG, Friedrichshafen	28.43	715	97	3)/4)

### Foreign

European Aeronautic Defence and Space Company EADS N.V., Leiden, Netherlands	22.50	10,535	(763)	3)/4)
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## Daimler Financial Services

### Domestic

Daimler Financial Services AG, Berlin	100.00	1,215	–	2)
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Name and domicile of the company	Capital	Equity	Net income	
	share <sup>1)</sup>		(Net loss)	
	%	in millions of €	in millions of €	
Daimler Fleet Management GmbH, Stuttgart	100.00	1	–	2)/4)
Mercedes-Benz Bank AG, Stuttgart	100.00	916	–	2)/4)
Mercedes-Benz Mitarbeiter-Fahrzeuge Leasing GmbH, Stuttgart	100.00	.	–	2)
Toll Collect GmbH, Berlin	45.00	513	92	4)/7)
<b>Foreign</b>				
Banco Mercedes-Benz do Brasil S.A., São Paulo, Brazil	100.00	458	37	4)/6)
Daimler Capital Services LLC, Farmington Hills, USA	100.00	11	(17)	4)/5)/6)/8)
Daimler Financial Services México, S. de R.L. de C.V., Mexico City, Mexico	100.00	101	(16)	4)/6)
Mercedes-Benz Finance Co., Ltd., Tokyo, Japan	90.00	158	10	4)/6)
Mercedes-Benz Financial Services Canada Corporation, Mississauga, Canada	100.00	195	43	4)/6)/8)
Mercedes-Benz Financial Services Česká republika s.r.o., Prague, Czech Republic	100.00	40	25	6)
Mercedes-Benz Financial Services France S.A., Bailly, France	100.00	165	11	4)/6)
Mercedes-Benz Financial Services Nederland B.V., Utrecht, Netherlands	100.00	61	17	4)/6)
Mercedes-Benz Financial Services South Africa (Pty.) Ltd., Centurion, Republic of South Africa	100.00	109	18	4)/5)/6)/8)
Mercedes-Benz Financial Services UK Limited, Milton Keynes, Great Britain	100.00	289	17	4)/5)/6)/8)
Mercedes-Benz Financial Services USA LLC, Farmington Hills, USA	100.00	901	388	4)/5)/6)/8)
<b>Regional holding and financial companies</b>				
<b>Domestic</b>				
Daimler AG & Co. Wertpapierhandel OHG, Schönefeld	100.00	2,803	12	
<b>Foreign</b>				
Daimler Australia / Pacific Pty. Ltd., Mulgrave, Australia	100.00	111	34	
Daimler Coordination Center SCS, Brussels, Belgium	100.00	638	11	4)/9)
Daimler International Finance B.V., Utrecht, Netherlands	100.00	56	40	
Daimler Investments US Corporation, Montvale, USA	100.00	13,642	(142)	4)/8)
Daimler Mexico, S.A. de C.V., Mexico City, Mexico	100.00	283	5	4)/8)
Daimler North America Corporation, Montvale, USA	100.00	2,103	48	6)/8)
Daimler North America Finance Corporation, Newark, USA	100.00	32,071	547	4)/8)
Daimler UK Plc, Milton Keynes, Great Britain	100.00	390	113	
Daimspain S.L., Alcobendas, Spain	100.00	1,402	6	
<b>Others</b>				
<b>Domestic</b>				
Daimler Real Estate GmbH, Berlin	100.00	100	–	2)
Daimler Unterstützungskasse GmbH, Stuttgart	100.00	1,318	14	6)/10)
Daimler Verwaltungsgesellschaft für Grundbesitz mbH, Schönefeld	100.00	2,898	–	2)
Grundstücksverwaltungsgesellschaft Daimler AG & Co. OHG, Schönefeld	100.00	433	12	4)

**Investments in companies according to Section 267 (3) of the HGB (German Commercial Code) with a proportion of voting rights of more than 5 % (if not mentioned above)**

**Name and domicile of the company**

**Foreign**

KAMAZ OAO, Naberezhnye Chelny, Russia

**Companies with Daimler AG as an unlimited partner  
(if not mentioned above)**

**Name and domicile of the company**

Daimler AG & Co. Anlagenverwaltung OHG, Ludwigsfelde

Daimler-Benz AG & Co. "AMICITIA" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "DIALOGA" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "DIGNITAS" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "EFFICIENTIA" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "FIDELIS" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "GENEROSA" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "GEOMETRIA" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "HABITUDO" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "IUVENTA" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "LEGITIMA" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "NEGOTIA" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "NOBILITAS" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "OPTIMA" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "PROSPERA" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "REGINA" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Daimler-Benz AG & Co. "VEHICULA" Grundstücksvermietung Potsdamer Platz OHG, Schönefeld

Grundstücksverwaltungsgesellschaft Auto-Henne GmbH & Co. OHG, Schönefeld

Grundstücksverwaltungsgesellschaft Taunus-Auto-Verkaufs-GmbH & Co. OHG, Schönefeld

Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Germersheim Betriebsvorrichtungen OHG, Schönefeld

Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Rhein-Main Betriebsvorrichtungen OHG, Schönefeld

Mercedes-Benz AG & Co. Grundstücksvermietung Objekt Rhein-Main OHG, Schönefeld

Mercedes-Benz AG & Co. Grundstücksvermietung Objekte Baden-Baden und Dresden OHG, Düsseldorf

- 1) Relating to Daimler AG
- 2) Profit and loss transfer agreement with Daimler AG (direct or indirect)
- 3) Financial statements 2009
- 4) Indirect interest
- 5) Consolidated group financial statements
- 6) Preliminary financial statements
- 7) Financial statements September 1, 2009 - August 31, 2010
- 8) Financial statements according to IFRS
- 9) Financial statements December 1, 2009 - November 30, 2010
- 10) Financial statements November 1, 2009 - October 31, 2010
- 11) Financial statements June 1, 2009 - May 31, 2010
- 12) Financial statements April 1, 2009 - March 31, 2010
- 13) Capital share according to December 31, 2010; Equity and Net loss according to December 31, 2009

## Board of Management

Stuttgart, February 28, 2011



Dieter Zetsche



Wolfgang Bernhard



Christine Hohmann-Dennhardt



Wilfried Porth



Andreas Renschler



Bodo Uebber



Thomas Weber



# Responsibility Statement

in accordance with Section 37v (2) no. 3 of the WpHG (German Securities Trading Act) in conjunction with Section 264 (2), 3 and Section 289 (1), 5 of the HGB (German Commercial Code)

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Daimler AG, and the management report, which has been combined with the Group management report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of Daimler AG.

Stuttgart, February 28, 2011



Dieter Zetsche



Wolfgang Bernhard



Christine Hohmann-Dennhardt



Wilfried Porth



Andreas Renschler



Bodo Uebber



Thomas Weber

## Auditors' Report (Translation)

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and its report on the position of the Company and the Group prepared by the Daimler AG, Stuttgart, for the business year from January 1 to December 31, 2010. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Daimler AG in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Stuttgart  
February 28, 2011

KPMG AG  
Wirtschaftsprüfungsgesellschaft



Meyer  
Wirtschaftsprüfer  
[German Public Auditor]



Zeitler  
Wirtschaftsprüfer  
[German Public Auditor]

## Forward-looking statements:

This document 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 adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our funding possibilities on the credit and financial markets; changes in currency exchange rates; a shift in consumer preference towards smaller, lower margin vehicles; or a possible lack of acceptance of our products or services, which may limit our ability to implement prices as well as to adequately utilize our production capacities; price increases in fuel, raw materials; disruption of production due to shortages of materials, labor strikes, or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook of companies in which we hold a significant equity interest, most notably EADS; the successful implementation of strategic cooperations and joint ventures, 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 conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe in this Report. 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.

**These documents represent the English translation of the German “Jahresabschluss”, which is the sole authoritative version.**

