(Translation)

SECURITIES REGISTRATION STATEMENT

* This document is a hard copy of the electronic data of the Securities Registration Statement that was filed, pursuant to Article 5, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (the “FIEL”), on April 7, 2010 through the EDINET system as provided by Article 27-30-2 of the FIEL, with the table of contents and the page count appended thereto.

Daimler AG

(The Japanese original of the Securities Registration Statement was filed electronically through the EDINET system. This English translation has been prepared solely for reference purposes and does not have any binding force.)

Document Name:	Securities Registration Statement
Attention:	The Director General of the Kanto Local Finance Bureau
Date of Filing:	April 7, 2010
Name of Issuer:	Daimler AG
Name and Title of Representatives:	Dr. Dieter Zetsche Chairman of the Board of Management, Head of Mercedes-Benz Cars Bodo Uebber Member of the Board of Management Responsible for Finance & Controlling, Daimler Financial Services
Address of Head Office:	Mercedesstrasse 137 70327 Stuttgart Federal Republic of Germany
Name of the Attorney-in-Fact:	Yasutaka Nishikori (Attorney-at-law)
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Place of Contact:	Nishimura & Asahi Ark Mori Bldg, 12-32, Akasaka 1-chome Minato-ku, Tokyo, Japan
Telephone of Contact:	(03) 5562-8500

Public Offering
Covered by the Registration

Kind of securities to be offered:	Registered Ordinary shares, no par value
Aggregate amount being offered:	Allotment to a third party €1,168,492,773 (equivalent to approximately ¥141,901,762,353). (Note) Yen amounts are calculated at the exchange rate of €1.00 = ¥ 121.44 (the means of the Telegraphic Transfer Spot Selling and Buying Exchange Rates of The Bank of Tokyo-Mitsubishi UFJ, Ltd. on March 1, 2010). Euro amount is rounded to the nearest 1 euro (with one half euro being rounded up) and Japanese Yen amount resulting from such calculation is rounded to the nearest 1 Japanese yen (with one half Yen being rounded up).
Items regarding stabilizing transactions	Not applicable
Place at which Copies of this SRS are made available for Public Inspection:	Not Applicable

(This SRS in the Japanese language consists of 32 pages including the cover sheet.)

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Notes:

1. Unless otherwise specified, in this Securities Registration Statement, “we,” “us,” “our,” “Daimler,” the “Daimler Group,” the “Company,” or the “Group” refers to Daimler AG and its consolidated subsidiaries, or any one or more of them, as the context may require. "Germany" means the Federal Republic of Germany.

2. In this Securities Registration Statement, unless otherwise noted, "Euro" refers to Euro (€). For the convenience of the Japanese reader, conversion into Japanese Yen has been made at the exchange rate of Euro 1.00 = ¥ 121.44 (the means of the Telegraphic Transfer Spot Selling and Buying Exchange Rates of The Bank of Tokyo-Mitsubishi UFJ, Ltd. on March 1, 2010).

3. Where figures in tables in this Securities Registration Statement have been rounded, the totals may not necessarily agree with the sum of the figures.

PART I INFORMATION CONCERNING THE SECURITIES

I. TERMS AND CONDITIONS OF OFFERING

1. Offering of Shares

(1) Newly Issued Shares

Bearer or Non-Bearer, Nominal Amount and Kind of Shares	Number of Shares to be Issued	Contents
Registered no par value ordinary shares	32,896,756	These shares are ordinary shares with absolute voting rights. Any rights related thereto are not encumbered in any way whatsoever.

Note 1: Offering pursuant to the resolutions of the Supervisory Board adopted on March 24, 2010 and (i) the Board of Management and (ii) the Presidential Committee of the Supervisory Board adopted on April 6, 2010.
Note 2: The offering described in this Securities Registration Statement is a solicitation to make an offer/bid to purchase or sell as defined in the Cabinet Office Ordinance Article 9, Section 5 (regarding the definition as set forth in Article 2 of the Financial Instruments and Exchange Act of Japan).

(2) Method and Conditions of Offering

(a) Method of Offering

Style of Offer	Number of Shares Issued	Aggregate Amount of Issue Price	Aggregate Amount for Capitalization of Reserves
Allotment to shareholders	N/A	N/A	N/A
Allotment to a third party	32,896,756	€1,168,492,773 (¥141,901,762,353)	N/A
Offering to public	N/A	N/A	N/A
Total amount of offering shares	32,896,756	€1,168,492,773 (¥141,901,762,353)	N/A

Note 1: A contribution in kind (private placement) will be made via disposition of treasury stock.
Note 2 As described in "III. SPECIAL INSTRUCTIONS CONCERNING ALLOTMENT TO A THIRD PARTY - 1. Information Concerning the Third Party", all the shares described above will be first allotted to Renault, and we understand that16,448,378 shares of the shares allotted to Renault will, be transferred to NISSAN MOTOR CO., LTD. immediately after the allotment pursuant to the agreement between Renault and NISSAN MOTOR CO., LTD. This Securities Registration Statement is filed with regard to such transfer to NISSAN MOTOR CO., LTD.
Note 3: The "number of shares issued" as specified above is the total number of the treasury shares transferred by us. The total issue price = **price of one (1) issued share** x **the number of issued shares**. The share capital amount will not increase because this offering will be treated as a disposition of treasury shares.
Note 4: The consideration of the offered shares is assets aside from cash. The details of the assets aside from cash and their values areas follows:

Renault Ordinary Shares: 9,167,391
Amount of Issue Price: 339,193,467
(¥41,191,654,632)
Nissan Motor Co., Ltd. Ordinary Shares: 140,142,168
Amount of Issue Price: 116,037,715,104

The remaining difference between the total issue price and the value of the assets described above shall be balanced by additional cash payment from Daimler AG in the amount of €90,102,604 (¥10,942,060,230).

(b) Condition of Offering

Bearer /non bearer	Issue Price	Amount of Capitalization for Reserves	Unit of Stocks for Application	Period for Application	Advance on Subscription	Due Date of Payment
Registered with no par value	€35.52 (¥4,314)	N/A	N/A	N/A	N/A	April 28, 2010

Note 1: A contribution in kind (private placement) will be made via disposition of treasury stock.
Note 2: The total issue price = **price of one (1) issued share** x **the number of issued shares**. The share capital amount will not increase because this offering will be treated as a disposition of treasury shares.
Note 3: Under German law, if treasury shares are allotted to a third party, an application for the allotment by the third party is not necessary, and thus, matters with regard to the application are not applicable. Under German law, when an issuer allots its treasury shares to third parties, the issuer only needs to execute a related transfer agreement with the third parties. All the offering shares will be first allotted to Renault under an agreement with Renault, and we understand that 16,448,378 shares of the shares so allotted to Renault will, be transferred to NISSAN MOTOR CO., LTD. immediately after the allotment pursuant to the agreement executed between Renault and NISSAN MOTOR CO., LTD. The agreement between Renault and NISSAN MOTOR CO., LTD becomes effective on the condition that the registration under this Securities Registration Statement become effective.
Note 4: The contribution in kind will be paid by book-entry transfer of shares which are consideration of the offered shares to our accounts of the financial institution described in "(d) Place for Payment" below.

(c) Place for Application

Name	Address
N/A	N/A

Note : Under German law, if treasury shares are allotted to a third party, an application of the allotment by the third party is not necessary.

(d) Place for Payment

Name	Address
BNP Paribas Securities Services Head Office	Rue du Débarcadère 9 93500 Pantin, France
Deutsche Bank Stuttgart Branch	Theodor-Heuss-Strasse 3 70174 Stuttgart, Federal Republic Germany

Note: As indicated above, the consideration of the offered shares is assets aside from cash. Therefore, the payment location is the same as the distribution location for such assets.

(3) Underwriting of shares

Not applicable.

2. Use of Proceeds from Issue of New Shares

Not applicable because the treasury stocks are being disposed of in consideration for new shares issued by and existing shares held by the party who is scheduled to be allotted such treasury stocks.

II. TERMS AND CONDITIONS OF SECONDARY OFFERING

Not applicable.

III. SPECIAL INSTRUCTIONS CONCERNING ALLOTMENT TO A THIRD PARTY

1. Information Concerning the Third Party

(a) General Descriptions of the Third Party

Name of the third party	Renault
Address of the head office of the third party	13-15, Quai Le Gallo, 92100 Boulogne-Billancourt France
The filing date of the most recent Annual Securities Report which has already been filed by the filing date of this Securities Registration Statement	Securities Report (for the fiscal year commencing on January 1, 2008 and ending on December 31, 2008) filed with the Director General of the Kanto Local Finance Bureau on June 26, 2009
The filing date of the Semi-Annual Reports which were filed after the filing of the Annual Securities Report above	Semi-Annual Report (for the period from January 1, 2009 through June 30, 2009) filed with the Director General of the Kanto Local Finance Bureau on September 30, 2009

Note : We understand that 16,448,378 shares of the shares allotted to the Third Party will, be transferred to NISSAN MOTOR CO., LTD. immediately after the allotment pursuant to the agreement between Renault and NISSAN MOTOR CO., LTD. This Securities Registration Statement is filed with regard to such transfer to NISSAN MOTOR CO., LTD. General descriptions of the NISSAN MOTOR CO., LTD. are as follows.

Name of the third party	NISSAN MOTOR CO.,LTD.
Address of the head office of the third party	2, Takara-cho, Kanagawa-ku, Yokohama-shi, Kanagawa 220-8623, Japan
The filing date of the most recent Annual Securities Report which has already been filed by the filing date of this Securities Registration Statement	Securities Report (for the 110th fiscal year commencing on April 1, 2008 and ending on March 31, 2009) filed with the Director General of the Kanto Local Finance Bureau on June 24, 2009
The filing dates of the Quarterly Reports which were filed after the filing of the Annual Securities Report above	(i) Quarterly Report (for the first quarter of the 111th fiscal year commencing on April 1, 2009 and ending on June 30, 2009) filed with the Director General of the Kanto Local Finance Bureau on August 5, 2009 (ii) Quarterly Report (for the second quarter of the 111th fiscal year commencing on July 1, 2009 and ending on September 30, 2009) filed with the Director General of the Kanto Local Finance Bureau on November 11, 2009 (iii) Quarterly Report (for the third quarter of the 111th fiscal year commencing on October 1, 2009 and ending on December 31, 2009) filed with the Director General of the Kanto Local Finance Bureau on February 12, 2010

(b) Relationships between the Issuer and the Third Party

To the best or our knowledge we are not aware, as of the date immediately preceding the submission of this Securities Registration Statement, of any material investment, personnel, capital, technical, and/or business relationship between Daimler and its material subsidiaries on the one hand and the other party who is scheduled to be allotted with our treasury shares on the other hand, beside the cooperation agreement to be concluded in connection with a strategic cooperation mentioned in (c) below.

In addition, as of the date immediately preceding the submission of this Securities Registration Statement, we are not aware, to the best of our knowledge, of any material investment, personnel, capital, technical, and/or business relationship between Daimler and its material subsidiaries on the one hand and NISSAN MOTOR CO., LTD on the other hand, beside the cooperation agreement to be concluded in connection with a strategic cooperation mentioned in (c) below.

(c) Reason why the Third Party Is Selected for the Allotment

Renault-Nissan and Daimler decided to go for a broad strategic cooperation that will enable all partners to realize benefits quickly from a range of concrete projects as well as sharing of best practices. Renault-Nissan and Daimler complement each other well in their expertise and strengths. Renault-Nissan and Daimler combine scale, leading concepts and know-how in the small car and light-commercial vehicles market, as well as in engines to reach CO_2-leadership.The cross-shareholding supports the dynamic and sustainable development of the cooperation, and this is why Daimler selected the Third Party for the allotment.

(d) Number of Shares Allotted to the Third Party

32,896,756 of Daimler’s ordinary shares. Please note, however, that, we understand that 16,448,378 shares of the shares allotted to the Third Party will, be transferred to NISSAN MOTOR CO., LTD. immediately after the allotment pursuant to the agreement between NISSAN MOTOR CO., LTD. and Renault.

(e) Policies for Holding of Shares, etc.

We have confirmed that the purpose of this investment for the Third Party is to heighten a synergy between Daimler and the Third Party, and the Third Party intends to hold the allotted shares, except the shares transferred to NISSAN MOTOR CO., LTD., immediately after the allotment pursuant to the agreement between the Third Party and NISSAN MOTOR CO., LTD., for a mid- to long-term period.

In addition, we have also confirmed that the purpose of this investment for NISSAN MOTORS CO., LTD. (if the Third Party transfers a part of the allotted shares to NISSAN MOTORS CO., LTD.) is to heighten a synergy between Daimler and NISSAN MOTORS CO., LTD., and NISSAN MOTORS CO., LTD. intends to hold the shares in Daimler transferred by the Third Party for a mid- to long-term period.

(f) Status of Funds or other Properties utilized for the Contribution

Daimler has confirmed that the Third Party is in principle able to deliver the consideration of the treasury shares of Daimler by reviewing publicly available information regarding the possibility of a capital increase of the Third Party and the holdings of Nissan shares by Renault.

(g) Description of Actual Conditions about the Third Party

Daimler has heard from the Third Party that (i) there is no person to substantially restrict, directly or indirectly, shareholders’ rights or investment rights with regard to shares issued by the Third Party as a shareholder of the Third Party, and (ii) the Third Party, its major investors, its subsidiaries, its directors and officers, and other related parties have no relation with any antisocial forces.

In addition, NISSAN MOTOR CO., LTD. is listed on the first section of the Tokyo Stock Exchange and Daimler has confirmed that it, its major investors, its subsidiaries, its directors and officers, has no relations with any antisocial forces.

2. Restrictions on Transfer of Shares, etc.

Under the master cooperation agreement between Daimler,Renault, NISSAN MOTOR CO., LTD and RENAULT-NISSAN B.V. (the "MCA"), until the earlier of (i) the date of termination of the MCA and (ii) April 6, 2015, Renault and NISSAN MOTORS CO., LTD.in principle, without the prior written consent of the other party of the MCA, shall not sell, offer, contract to sell, assign, pledge or create any encumbrance on, or otherwise dispose of, or enter into economically equivalent transactions with respect to, the allotted shares. Notwithstanding the above restriction, Renault may transfer, 16,448,378 shares of Daimler to Nissan immediately after the allotment pursuant to the agreement executed between Renault and NISSAN MOTOR CO., LTD.

3. Information Concerning the Condition of Offering

Based on the resolutions of Daimlers' shareholders' meetings held on April 9, 2008 and April 8, 2009, the issuance price for the Daimler treasury shares is determined based on the opening share price of the Daimler share on the Frankfurt Stock Exchange on April 6, 2010. It is reasonable to decide the issuance price based on the most recent market value.

4. Description of Grand-Scale Allotment to a Third Party

Not applicable.

5. Major Shareholders after the Allotment

Name of the Person or Group	Address	Shares owned	Owned voting shares percentage of issuer's total voting shares	Shares owned after the allotment	Owned voting shares percentage of issuer's total voting shares, after the allotment
Aabar Automotives GmbH (indirect wholly owned subsidiary of the Emirate of Abu Dhabi), formerly named Semare Beteiligungsverwal-tungs GmbH	Wagramer Straße 17-19 1220 Vienna, Austria (formerly Sterngasse 13, 1010 Vienna, Austria)	96,408,000	9.1%	96,408,000	9.1%
Kuwait Investment Authority as agent for the Government of the State of Kuwait	Ministries Complex, AlMurqab, Kuwait City, Kuwait	73,169,320	6.9%	73,169,320	6.9%
BlackRock, Inc.	40 East 52nd Street, New York, 10022, USA	41,372,761	3.9%	41,372,761	3.9%
Total	-	210,950,081	19.9%	210,950,081	19.9%

Note 1: German law requires notification only if (i) the voting rights reach a certain level or (ii) the voting rights exceed or fall below such certain level. "Certain level" means, the certain percentages of voting rights owned: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%. The number of shares owned, as well as the number of voting rights owned in proportion to the total number of votes listed in the chart above are based on the notifications that Daimler received from each shareholder up until March 31, 2010. Therefore, the figures above may not reflect the number of shares owned, as well as the number of voting rights owned in proportion to the total number of votes as of April 6, 2010. Under German law, for the purposes of the notifications mentioned above, treasury shares are taken into account for the total number of voting shares although such voting rights from treasury shares are suspended as long as the shares are held by the issuer.

Note 2: In March 2009, Daimler AG increased its share capital by issuing 96.4 million new ordinary shares to Semare Beteiligungsverwaltungsgesellschaft mbH, an indirect subsidiary of Aabar Investments PJSC (Aabar) of Abu Dhabi. On April 1, 2009, Aabar and some of its affiliates notified the U.S. Securities and Exchange Commission on Schedule 13G under the Securities Exchange Act of 1934 that they beneficially own 96,408,000 Daimler AG ordinary shares, representing 9.1% of Daimler AG ordinary shares. In the meantime, Semare Beteiligungsverwaltungsgesellschaft mbH was renamed to Aabar Automotives GmbH and relocated to Wagramer Straße 17-19, 1220 Vienna, Austria.

Note 3: On February 16, 2009, the Kuwait Investment Authority informed us that, as of December 31, 2008, they held 73,169,320 shares. Based on the number of Daimler AG's ordinary shares as of December 31, 2009, that holding would have represented 6.9%.

Note 4: BlackRock notified us that as at December 1, 2009, BlackRock, Inc. indirectly held, through various subsidiaries, a total of 3.9% or 41,372,761 of Daimler AG's shares.

Note 5: After the private placement, Renault(13-15 Quai Le Gallo, 92100 Boulogne-Billancourt France) will hold 32,896,756 ordinary shares of Daimler (the proportion of total voting rights to voting rights owned will be 3.10%). After the transfer of 16,448,378 shares of Daimler by the Renault to NISSAN, Renault will hold 16,448,378 ordinary shares of Daimler (the proportion of total voting rights to voting rights owned is 1.55%).

Note 6: After the private placement and the transfer of 16,448,378 shares of Daimler by the Renault to NISSAN MOTOR CO., LTD. (2, Takara-cho, Kanagawa-ku, Yokohama-shi, Kanagawa 220-8623, Japan), Nissan will hold 16,448,378 ordinary shares of Daimler (the proportion of total voting rights to voting rights owned is 1.55%).

6. Necessity of Grand-Scale Allotment to a Third Party

Not applicable.

7. Plans for Consolidation of Shares, etc.

Not applicable.

8. Other Relating Matters

Not applicable because the treasury stocks are being disposed of in consideration for new shares issued by and existing shares held by the party who is scheduled to be allotted such treasury stocks.

IV. OTHER DESCRIPTIONS

Not applicable.

PART II INFORMATION CONCERNING THE TENDER OFFER

I. OVERVIEW OF THE TENDER OFFER

Not applicable.

II. COMBINED FINANCIAL STATEMENTS

Not applicable

III. MATERIAL AGREEMENTS BETWEEN THE ISSUER (INCLUDING THE RELATED COMPANIES) AND INTENDED COMPANIES

Not applicable

PART III INCORPORATION BY REFERENCE

I. Documents Incorporated by Reference

The following documents are incorporated herein by reference with respect to the Outline of the Issuer, Outline of Business and other matters provided in Article 5, paragraph 1, item 2 of the FIEL:

1. Annual Securities Report and Exhibits

Securities Report and the attachments thereto (for the fiscal year commencing on January 1, 2008 and ending on December 31, 2008) filed with the Director General of the Kanto Local Finance Bureau on June 3, 2009.

2. Quarterly Report or Semi-Annual Report

Semi-Annual Report (for the period from January 1, 2009 through June 30, 2009) filed with the Director General of the Kanto Local Finance Bureau on September 28, 2009.

3. Extraordinary Report

Between the filing date of the Securities Report described in 1 above and the filing date of this Securities Registration Statement (April 7, 2010), Extraordinary Report filed with the Director General of the Kanto Local Finance Bureau on February 26, 2010 (pursuant to Article 24-5, Paragraph 4 of the FIEL and Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of the Contents, etc. of Companies).

4. Amendment Report

Amendment Report (an amendment report to the Securities Report described in 1 above) filed with the Director General of the Kanto Local Finance Bureau on June 10, 2009.

II. Supplemental Information of Documents Incorporated by Reference

The risk factors described in “III. Description of Business” subsection “4. Risk Factors” of the Securities Report listed I. 1 above have been changed from the filing date of the securities report to the filing date of this securities registration statement (April 7, 2010). The information set forth below in (Risk Factors) is whole description of Daimler’s risk factor which reflects any such changes. In addition, the first paragraph together with its accompanied table of “IV Conditions of Facilities - 3. Plans for Installation and Removal of Facilities ” includes the items that should be updated due to the developments after the filing of the securities report as described above. Other than those affairs, although the securities report contains some forward looking statements as of the date of its filing, we do not believe that any updates of such descriptions are necessary as of the date hereof.

(Risk Factors)

Many factors could affect our business, financial condition, cash flows and results of operations. We are subject to various risks resulting from changing economic, political, social, industry, business and financial conditions. The principal risks are described below.

(a) Economic Risks

A lack of continued improvement in global economic conditions or a relapse into recession in any of the major world economies could have significant adverse effects on our business and our future operating results and cash flows.

In the aftermath of the financial crisis that began in the second half of 2008 in the United States, the world economy in 2009 experienced the worst recession since the Second World War and the Great Depression. Despite a moderate recovery in the second half of 2009, the global economy remains fragile because of a continued tightness in the credit markets and unpredictable consumer demand and investment activity, especially in the United States and Western Europe. If the economic recovery in those regions or in other key markets in which we operate does not continue or stagnates or if the economies of key industrialized countries fall back into recession, our financial condition, our profitability and our cash flows would be adversely affected.

In an environment of a highly fragile global economy, the occurrence of any events that threaten consumer and investor confidence generally (for example, international disputes, political instability, terrorism, volatility in equity or housing markets, rising energy prices, or inefficient financial market regulations) may exacerbate any adverse effects of the global economy on future sales, primarily in Western Europe, the United States and in some emerging markets. Since a high proportion of our costs are fixed, even small declines in sales can significantly affect our operating results and cash flows.

In connection with the crisis in the financial markets and its impact on the global economy, central banks and governments in the industrialized nations injected vast amounts of additional liquidity into the economy through credit and financial market support programs and increased government spending. These steps resulted in a significant increase in the monetary base and significantly higher fiscal deficits. Central banks appear to recognize that they must reduce the excess liquidity before one or more of the risks typically associated with excess market liquidity materialize. Similarly, governments are aware that they must address the significantly higher public debt ratios, either by increasing revenue or through budget cuts. If public spending is reduced too early or too quickly, however, the fragile economic recovery could be in danger. Conversely, if central banks and governments do not take timely and decisive steps to reduce excess liquidity and reign in government spending, inflation rates may increase significantly, thereby increasing the risk of creating new pricing “bubbles” in some market sectors and hampering future commercial and consumer spending and investment. If any of these potential developments materialize, demand for our passenger cars and commercial vehicles would likely decline, thereby negatively affecting our profitability and cash flows. Similarly, if severe deflation were to occur in some of our key markets, our business, future operating results and cash flows would be adversely affected.

A renewed decline in consumer demand and investment activity or a prolonged economic stagnation in Western Europe, the most important market for our products, could significantly adversely affect our businesses.

We derive approximately half our revenue from our business in Western Europe. In 2009, the global recession had a significant negative affect on the Western European economies, resulting in significantly reduced demand for consumer goods and capital equipment. Even though sales of passenger cars were aided by government-sponsored car-scrap incentives, these incentives primarily benefited the compact and micro-compact car segments and had virtually no slowing effect on the sales declines in the luxury car segment. At year end 2009, the major Western European economies began to show signs of modest improvement, although overall demand remains substantially lower compared to pre-recession levels. A relapse into recession or a prolonged stagnation in the Western European economies or in the industries in which we operate could result in a further decline in consumer demand and investment activity. Such a decline could be exacerbated by a prolonged continuation or worsening of the tight credit markets, resulting in lower consumer and investor confidence. In some Western European countries, for example in Germany, the economic effect of restrictions in the credit markets may be even more pronounced since small and medium sized companies, which depend on readily available bank loans, represent a significant portion of total economic activity in those countries. If any of these risks materialize, sales of our passenger cars and commercial vehicles in Western Europe could experience significant declines, thereby adversely affecting our profitability and cash flows.

Our business in Western Europe could be further impacted if business conditions deteriorate due to the structural weakness of some European economies, the spillover effects of a renewed weakness in other major economies or a further significant appreciation of the euro.

A continuation or worsening of the tightness of the credit markets in the U.S. could result in a renewed decline in demand for consumer products and capital investment, which could affect our sales of automotive products in the U.S., and potentially other markets, as well as our profitability and cash flows.

The United States is an important market for our products. Despite a modest recovery in the second half of 2009, the U.S. economy continues to experience tight credit markets, negatively affecting consumer spending and capital investment. In 2010, U.S. credit markets also may be adversely affected by a rise in defaults on consumer and commercial loans. Vast fiscal stimulus packages and a rising money supply have increased further the risk of a potential future economic downturn, potentially giving rise to a renewed decline in investment and private consumption in the U.S. Any of these developments could negatively affect sales of our passenger cars and commercial vehicles in the U.S. market and our profitability and cash flows.

In addition, the U.S. economy continues to require significant capital inflow from non-U.S. investors to finance the current account deficit. A renewed decline in demand for U.S. dollar denominated investments (which could also be caused by considerable shifts of global currency reserve portfolios) could lead to a further and uncontrolled depreciation of the U.S. dollar, which would adversely affect our currency transaction risk, thereby negatively impacting our passenger car sales into the U.S. and the profitability of our Mercedes-Benz Cars segment. Because of the global importance of the U.S. economy and the existing interdependencies between the United States economy and other major economies throughout the world, any renewed significant economic downturn in the United States would likely also adversely affect Western European and other world markets.

A sustained slowdown or economic downturn in Asian economies could delay our plans for expansion in Asian markets and intensify competitive pressures.

During 2009, the major Asian economies remained relatively stable compared to the U.S. and Western European economies, primarily as a result of solid economic growth in China and India. In China, vast fiscal stimulus packages and a rising money and credit supply have increased the risk of a potential future economic downturn. A significant decline in economic activity in these countries or in other major Asian economies could negatively affect the future business prospects of our subsidiary Mitsubishi Fuso Truck and Bus Corporation and sales of our Mercedes-Benz passenger cars in that region. An economic downturn in Asia, particularly in China or India, could also delay our long-term strategic expansion plans in those increasingly important markets. Moreover, if economic conditions in Asia were to deteriorate, especially if coupled with depreciating Asian currencies, then Asian competitors with excess capacity might intensify their efforts to export vehicles to North America and Western Europe. This would not only intensify competition for market share, but also increase further the existing pressure on margins within the automotive industry.

Our results of operations and cash flows could be adversely affected by economic or political change in some regions.

We, in particular our Daimler Trucks segment, our Daimler Buses segment, and our Daimler Financial Services segment, have significant operations in several Latin American countries and in Turkey. Some of these countries may experience severe economic or political change, including currency fluctuations, social unrest or instability in the governance regime, which could adversely affect our investments as well as local demand in those and neighboring countries, thereby negatively affecting our cash flows and results of operations.

In addition, a substantial decline in raw material prices could have a significant adverse effect on the economic outlook of some emerging markets, for example, Russia and Brazil, whose economic growth depends to a large degree on exports of raw materials. As a result, our capital investments and sales of our automotive products in those countries could be negatively affected.

Protectionist trade policies could negatively affect our business in several markets.

Demand for motor vehicles could also be affected by adverse developments in the political and regulatory environment in the markets in which we operate. For example, a discord in international trade relations and the implementation of new tariff or non-tariff trade barriers could negatively affect our global sales, production and procurement activities as well as expansion plans in affected areas. The proliferation of bilateral free trade agreements between third party countries could negatively affect our position in those foreign markets, especially in Asia.

(b) Industry and Business Risks

Overcapacity and intense competition in the automotive industry create pricing pressure and could force further cost reductions which could negatively affect our profitability and cash flows.

Overcapacity and intense price competition in the automotive industry could continue to force manufacturers of passenger cars and commercial vehicles, including us, to decrease production, reduce production capacity or increase sales incentives, each of which would be costly and therefore could negatively affect our profitability and cash flows. For example, the global economic slowdown that began towards the end of 2008 and continued into 2009 has caused a significant decline in demand for passenger cars and commercial vehicles in many geographic markets, which further increased overcapacity and intensified price competition in the automotive industry. If the weakness of the automotive markets continues, additional capacity adjustments or pricing measures could become necessary. In that regard, the discontinuation of the government- sponsored car-scrap and other incentives offered in certain Western European countries in 2009 could have an overall chilling effect on those automobile markets in 2010, potentially resulting in a significant decline in future passenger car sales. Even though in Western Europe the primary beneficiaries of those incentives were the compact and micro compact car market segments, there can be no assurance that any decline would be limited to those product segments.

Our ability to improve or even maintain our profitability depends, among other things, on maintaining competitive cost structures and introducing attractive and fuel efficient new products. If we are unable to continue to provide competitive pricing, customers may elect to purchase competitors’ products and our future profitability and cash flows may suffer. For example, some U.S. vehicle manufacturers received financial support from government sources or emerged from reorganization proceedings with a lower cost base, thereby enabling these manufacturers to improve their profitability or offer their products at lower prices.

In addition, significant discounts and other sales incentives have become increasingly common in many automotive markets, including Western Europe, also as a consequence of the government sponsored car-scrap bonus programs. Sales incentives in the new vehicle business also influence the price level of used vehicles, which could adversely affect the profitability of our used vehicle sales and, indirectly, the profitability of our future new vehicle sales.

A permanent shift in consumer preference could limit our ability to sell our traditional product lines at current volume levels and affect our profitability in general.

In the recent past, there were indications in several geographic markets that consumer preference may have begun to shift towards smaller, more fuel efficient and environmentally friendly vehicles. A general shift in consumer preference toward those vehicles could negatively affect our ability to sell large or medium size luxury passenger cars at current volume levels. As a result, we may be forced to lower prices or increase sales incentives on these products. Both, lower volume sales and lower prices could have a negative effect on our future financial condition, operating results and cash flows. In addition, we may be forced to adjust production capacity and further increase efficiency, which could result in significant additional costs, thereby negatively affecting our results of operations and cash flows. Conversely, if we are unable to adjust permanently our production capacity and cost structures to changed business conditions, including a permanent shift of consumer preference towards smaller, lower margin vehicles, our profitability and cash flows may be negatively impacted.

The future profitability of our Daimler Trucks segment depends in part on the successful implementation of the business optimization and realignment plans of our subsidiaries Daimler Trucks North America and Mitsubishi Fuso Truck and Bus Corporation.

In 2008, the Board of Management of Daimler AG approved a plan to optimize and reposition the business operations of Daimler Trucks North America (DTNA), a wholly-owned subsidiary of the Group. In addition, in May 2009, our Board of Management decided on a major realignment of our subsidiary Mitsubishi Fuso Bus and Truck Corporation (MFTBC). The future profitability and cash flows of our Daimler Trucks segment depend in part on the successful implementation of these plans.

A renewed decline of vehicle sales combined with limited credit availability could continue to jeopardize the business viability of our dealers.

In 2009, the financial viability of our vehicle dealers and importers was significantly affected by the decline in demand for passenger cars and commercial vehicles that resulted from the global economic downturn and the financial crisis, which resulted in higher refinancing costs and significantly reduced access to credit. A renewed decline of sales of passenger cars or commercial vehicles or even a stagnation of sales at low post-crisis levels could further jeopardize the business viability of our dealers. Any steps we take to provide financial support to our dealers or importers could negatively impact our cash flows and profitability.

The pressure on automotive suppliers worldwide, the increased number of suppliers in financial distress or bankruptcy, supplier insolvencies, possible interruptions in our supply chain, or a renewed increase in commodities prices could negatively impact our profitability and cash flows.

Our financial performance depends in part on obtaining competitive prices from suppliers and on a reliable supply chain for parts, sub-assemblies and other materials. Our ability to achieve further price reductions from suppliers may be limited by a combination of factors, including consolidation among automotive suppliers, the limitation of the supply base for certain components or financial difficulties at automotive suppliers induced by the global economic downturn which continued into 2009.

The significant declines in vehicle sales as a result of the global economic downturn, exacerbated by the continuing intense competition in the automotive industry, had a significant adverse effect on the financial position of many of our suppliers, some of which are in financial distress or are the subject of bankruptcy proceedings. In some cases, we have provided or are providing financial assistance to suppliers in order to avoid prolonged interruption in the supply of parts or components. Providing such assistance also in the future could negatively impact our profitability and cash flows. Many of our suppliers also supply other automotive manufacturers. If one or more major global automotive manufacturers were to experience severe financial difficulties or relapse into financial distress, the financial condition of one or more of our suppliers could be significantly adversely affected, which in turn could result in further supplier insolvencies or the need to provide additional support to those suppliers. A consolidation among automotive suppliers, for example, due to acquisitions or mergers, could limit our ability to negotiate competitive prices due to reduced competition for certain components. Consistent with general industry practice, we also source select parts or components from a single supplier, which carries a risk of potential production disruption if the supplier is unable to perform its obligations.

Prices for raw materials that we or our suppliers use in manufacturing our products or components, such as steel, aluminum, petroleum-based products and various precious metals, declined in 2008 and early 2009. Some raw material prices began to increase during the remainder of 2009. Continued increases for these or other raw materials, including energy, may lead to higher component and production costs that could in turn negatively impact our future profitability and cash flows because we may not be able to pass all those costs on to our customers or require our suppliers to absorb such costs.

Risks arising from our leasing and sales financing business may adversely affect our future operating results and cash flows.

The financial services we offer in connection with the sale of vehicles, including the financing of dealer inventories, involve several risks. These risks include higher refinancing costs and the potential inability to recover our investments in leased vehicles or to collect our sales financing receivables. For instance, downgrades of our credit ratings could increase our refinancing costs, potentially necessitating adjustments to the terms at which we provide credit to our leasing and sales financing customers. These adjustments could have the effect of reducing new business and overall contract volume of our financial services business and in turn could adversely affect unit sales of our automotive businesses. In addition, our ability to recover our investments in leased vehicles may deteriorate as a result of a decline in resale prices of used vehicles, and our ability to collect our sales financing receivables could be negatively affected by consumer or dealer insolvencies or if the resale prices of the vehicles securing these receivables are insufficient. For example, we experienced a significant rise in credit defaults among our lease and finance customers in 2009, which increased our cost of credit risk and negatively affected the operating result of our financial services business. If the default rate remains at a high level for a prolonged period of time or rises further, our future operating results and cash flows could be adversely affected.

New vehicle sales incentives indirectly lower the resale prices of used vehicles. A decline in resale prices of used vehicles in turn results in downward pressure on the fair values of leased vehicles and negatively affects the carrying amount of vehicles on operating leases, as well as indirectly lowers the value of collateral in place securing our sales financing and finance lease receivables.

As a result of the global economic downturn, some of these risks have already materialized and may continue to materialize in the future, which could adversely affect our future operating results, financial condition and cash flows.

Our future profitability will depend on our ability to offer competitive prices while maintaining a high level of product quality.

Product quality significantly influences the consumer’s decision to purchase passenger cars and commercial vehicles. Reductions in our product quality could severely tarnish our image as a manufacturer, thereby negatively affecting our future sales and, as a consequence, our future operating results and cash flows.

Maintaining the quality of our products and developing new products meeting more sophisticated customer requirements require increasingly complex technical solutions, which result in higher research and development and other costs. Increased consumer sensitivity to pricing may limit our ability to pass higher costs on to customers and force us to continue to improve our efficiencies and cost structures. If we are unable to improve our efficiencies and adjust our cost structures as necessary, our results of operations may be adversely affected. Our attempts to reduce costs along the automotive value chain may also place additional cost and pricing pressure on suppliers, which can also negatively affect product quality.

Additionally, component parts or assembly defects could require us to undertake service actions and recall campaigns, or even to develop new technical solutions requiring regulatory certification prior to implementation. We may need to expend considerable resources for these remediation measures, resulting in higher provisions for new warranties issued and expenses in excess of already established provisions for product warranties previously issued.

Our future success depends on our ability to continue to offer attractive, fuel efficient, and environmentally friendly vehicles and to adjust to consumer demand.

Developing attractive and fuel efficient new vehicles, including vehicles employing new propulsion technologies such as hybrid and electric vehicles, over increasingly shorter product development cycles is critical to the success of automobile manufacturers. For example, technical solutions that reduce fuel consumption and emissions, like the diesel hybrid technology, are costly but necessary for a sustainable mobility. Our ability to strengthen our position within our traditional product and market segments through innovations and to develop attractive and fuel efficient new products and services while expanding into additional market segments with those new products will play an important role in determining our future success. If we are unable to timely develop these products and meet consumer demand, a general shift in consumer preference toward smaller, more fuel efficient and environmentally friendly vehicles could have a negative effect on our future profitability and cash flows. Such a shift could result from, among other things, increasing fuel prices, government regulations, for example regarding the level of carbon dioxide emissions, speed limits or higher taxes on certain types of vehicles, such as sport utility vehicles or luxury automobiles, or environmental concerns. Potential delays in bringing new vehicles to market, the inability to achieve defined fuel efficiency or emissions targets without a decline in quality, and a lack of market acceptance of new models or temporary shortages of parts and materials required for new vehicles could adversely affect our financial condition, results of operations and cash flows.

We are subject to legal proceedings and environmental and other government regulations.

A negative outcome in one or more of our pending legal proceedings could materially adversely affect our future financial condition, results of operations and cash flows. Please refer to the discussion under the heading “(e) Legal Risks” hereunder for further information.

The automotive industry is subject to extensive governmental regulations worldwide. Laws in various jurisdictions regulate occupant safety and the environmental impact of vehicles, including emission levels, fuel economy and noise, as well as the levels of pollutants generated by the plants that produce them. The cost of compliance with these regulations is significant, and we expect to incur higher compliance costs in the future. New legislation may subject us to additional expense in the future, which could be significant. Noncompliance with regulations applicable to the automotive industry could also result in significant penalties or the inability to sell noncompliant vehicles in the relevant markets.

Risks arising from contingent obligations could affect us adversely.

We sometimes provide guarantees for third party liabilities, principally in connection with liabilities of our non-consolidated affiliated or related companies, guarantees under buy-back commitments, and performance guarantees related to the contractual performance of joint ventures and consortia. These guarantees may expose us to financial risk. For example, as a result of the guarantees and other obligations our subsidiary Daimler Financial Services AG undertook as one of the consortium members of Toll Collect, our future operating results and cash flows may be adversely affected by penalties, damage claims and losses associated with an underperformance of the system.

We depend on our ability to recruit and retain highly qualified management and technical personnel.

Our future success depends in part on our continued ability to recruit and retain highly qualified managers, engineers and other specialized personnel. Competition for employees with requisite qualifications remains intense in our industry and the regions in which we operate. Changing demographics, primarily in Germany and other Western European countries, could exacerbate further the competitive recruiting environment as declining birth rates and a global marketplace reduce the pool of available talent in some regions. If we are unable to hire qualified personnel in sufficient numbers in the future, our business could be adversely affected.

(c) Financial Risks

We are exposed to fluctuations in currency exchange rates and interest rates.

Our businesses, operations and reported financial results and cash flows are exposed to a variety of market risks, including the effects of changes in the exchange rates of the U.S. dollar, the British pound, the Japanese yen, the Chinese yuan and other world currencies against the euro. In addition, in order to manage the liquidity and cash needs of our day-to-day operations, we hold a variety of interest rate sensitive assets and liabilities. We also hold a substantial volume of interest rate sensitive assets and liabilities in connection with our lease and sales financing business. Changes in currency exchange rates or interest rates may have substantial adverse effects on our operating results and cash flows. For more information on how changes in exchange rates and interest rates may impact our operating results and cash flows, please refer to the discussion under the headings “Exchange Rate Risk” and “Interest Rate Risk” in “(d) Market Risks” hereunder and to Note 30 to our Consolidated Financial Statements.

Further downgrades of our debt ratings may increase our cost of capital and could negatively affect our businesses.

In 2009, several rating agencies downgraded our long-term debt rating to BBB+ and some agencies changed the outlook from stable to negative. Further downgrades by rating agencies may increase our cost of capital and, as a result, could negatively affect our businesses, especially our leasing and sales financing business which is typically financed with a high proportion of debt.

We depend on the issuance of debt to manage liquidity. Our ability to issue debt instruments in the future may be adversely affected by declines in our operating performance and the future condition of the credit markets.

To manage the liquidity of the Group, we depend on the issuance of debt, principally in the European and U.S. capital markets. A decline in our operating performance or lower demand for these types of debt instruments could increase our borrowing costs or otherwise limit our ability to fund operations, either of which would negatively affect our operating results and cash flows.

The tightening of the credit markets in the latter part of 2008 and into 2009 resulted in significantly higher borrowing costs. If these difficult financing conditions were to recur, we could be faced with higher borrowing costs and reduced funding flexibility. In particular, this could negatively affect the competitiveness and profitability of our financial services business or even result in a limitation of the financial services we offer, thereby negatively affecting our vehicle sales.

The carrying value of our equity investments in companies in which we hold a non-controlling equity interest depends on the ability of those companies to operate their businesses profitably.

We hold non-controlling equity interests in various companies. Most notably, we hold an equity interest in the European Aeronautic Defence and Space Company EADS N.V. (EADS) and in Tognum AG (Tognum). Any factors negatively affecting the profitability of the businesses of these companies may adversely affect our ability to recover the full amount of our equity investments, and as a result, could require us to record impairment charges. In addition, if we account for those investments using the equity method of accounting, such factors may also affect our proportionate share in the future operating results of our equity investees. EADS is the most significant equity investment which we include in our consolidated financial statements with a three-month lag. In connection with recent developments in the negotiations regarding EADS’s A400M military transporter program, EADS announced on February 17, 2010 that it will update the A400M provision in its 2009 consolidated financial statements. This update will require certain critical assumptions and financial assessments to be made which were not finalized when our Supervisory Board approved Daimler’s 2009 Consolidated Financial Statements on March 1, 2010. Any future increase in that provision would negatively affect EADS’s actual 2009 results and would also negatively affect Daimler’s proportionate share in EADS’s results which will be reflected in

Daimler's consolidated interim financial statements for the first three months of 2010. The resolution of this matter could have a material negative effect on Daimler's earnings in the first quarter of 2010.

We may need to make cash contributions with respect to the funding of our pension benefit plans. In addition, our total pension benefit expense may increase.

We have pension and, to a minor degree, other post-employment benefit obligations which are underfunded. The funded status of our off-balance sheet pension and other post-employment benefit plans is subject to changes in actuarial and other related assumptions and to actual developments.

Even small changes in the assumptions which affect the benefit plan valuation, such as discount rates, mortality rates and other factors, may lead to increases in the size of the respective obligations, which would affect the reported funded status of our plans and, as a consequence, could negatively affect our total pension and other post-employment benefit expense in subsequent years.

Actual developments, such as unfavorable developments in the capital markets — particularly with respect to equity and debt securities — can result in lower actual returns on plan assets or in a significant decrease in the market value of plan assets at year end. This in turn would affect the reported funded status of our plans. In addition, a decrease in the rate of expected return on plan assets can result in higher pension and other post-employment benefit expense in subsequent years.

For additional information on employee benefits accounting, please refer to Note 21 to our Consolidated Financial Statements.

(d) Finance Market Risks

The global nature of its businesses exposes Daimler to significant market risks resulting from fluctuations in foreign currency exchange rates and interest rates. In addition, the Group is exposed to market risks in terms of commodity price risk associated with its business operations, which the Group hedges partially through derivative financial instruments. The Group is also exposed to equity price risk. If these market risks materialize, they will adversely affect the Group's financial position, cash flows and profitability.

Daimler manages market risks to minimize the impact of fluctuations in foreign exchange rates, interest rates and commodity prices on the results of the Group and its segments. The Group calculates its overall exposure to these market risks to provide the basis for hedging decisions, which include the selection of hedging instruments and the determination of hedging volumes and the corresponding periods. Decisions regarding the management of market risks resulting from fluctuations in foreign exchange rates, interest rates (asset-/liability management) and commodity prices are regularly made by the relevant Daimler risk management committees.

As part of its risk management system, Daimler employs value at risk analyses as recommended by the Bank for International Settlements. In performing these analyses, Daimler quantifies its market risk exposure to changes in foreign currency exchange rates, interest rates and equity prices on a continuous basis by predicting the maximum loss over a target time horizon (holding period) and confidence level.

The value at risk calculations employed:

- express potential losses in fair values, and
- assume a 99% confidence level and a holding period of five days.

Daimler calculates the value at risk for exchange rate, interest rate and equity price risk according to the variance-covariance approach. The value at risk calculation method for commodity hedging instruments is based on the Monte Carlo simulation.

When calculating the value at risk by using the variance-covariance approach, Daimler first computes the current fair value of the Group's financial instruments portfolio. Then the sensitivity of the portfolio value to changes in the relevant market risk factors, such as particular foreign currency exchange rates or interest rates of specific maturities, is quantified. Based on expected volatilities and correlations of these market risk factors which are obtained from the RiskMetrics™ dataset, a statistical distribution of potential changes in the portfolio value at the end of the holding period is computed. The loss which is reached or exceeded with a probability of only 1% can be deduced from this calculation and represents the value at risk.

The Monte Carlo simulation uses random numbers to generate possible changes in market risk factors over the holding period. The changes in market risk factors indicate a possible change in the portfolio value. Running multiple repetitions of this simulation leads to a distribution of portfolio value changes. The value at risk can be determined based on this distribution as the portfolio value loss which is reached or exceeded with a probability of 1%.

In accordance with the risk management standards of the international banking industry, Daimler maintains its financial controlling system independent of Corporate Treasury and with a separate reporting line.

Exchange Rate Risk

Transaction Risk and Currency Risk Management. The global nature of Daimler’s businesses exposes cash flows and earnings to risks arising from fluctuations in exchange rates. These risks primarily relate to fluctuations between the US dollar as well as other important currencies and the euro. In accordance with its internal guidelines, Daimler refinances receivables denominated in foreign currencies, which relate to the Group’s invested liquidity, in the same foreign currencies. As a result, the Group is not exposed to significant exchange rate risks. Payables in foreign currencies that result from the Group’s refinancing are generally hedged against currency risks at the time of the refinancing. The Group uses appropriate derivative financial instruments to hedge against currency risk.

In the operating vehicle businesses, the Group’s exchange rate risk primarily arise when revenue is generated in a currency that is different from the currency in which the costs of generating the revenue are incurred (so-called transaction risk). When the revenue is converted into the currency in which the costs are incurred, it may be inadequate to cover the costs if the value of the currency in which the revenue is generated declined in the interim relative to the value of the currency in which the costs were incurred. This risk exposure primarily affects the Mercedes-Benz Cars segment, which generates a major portion of its revenue in foreign currencies and incurs manufacturing costs primarily in euro. The Daimler Trucks segment is also subject to transaction risk, but to a lesser extent because of its global production network. The Mercedes-Benz Vans and Daimler Buses segments are also directly exposed to transaction risk, but only to a minor degree compared to the Mercedes-Benz Cars and Daimler Trucks segments. In addition, through its proportionate share in the results of its equity investment in EADS, the Group is indirectly exposed to transaction risk.

Cash inflows and outflows of the business segments are offset if they are denominated in the same currency. This means that the exchange rate risk resulting from revenue generated in a particular currency can be offset by costs in the same currency, even if the revenue arises from a transaction independent of that in which the costs are incurred. As a result, only the unmatched amounts are subject to transaction risk. In addition, natural hedging opportunities exist to the extent that currency exposures of the operating businesses of individual segments offset each other at Group level, thereby reducing overall currency exposure. These natural hedges eliminate the need for hedging to the extent of the matched exposures. To provide an additional natural hedge against any remaining transaction risk exposure, Daimler strives, where appropriate, to increase cash outflows in the same currencies in which the Group has a net excess inflow.

In order to mitigate the impact of currency exchange rate fluctuations for the operating business (future transactions), Daimler continually assesses its exposure to exchange rate risks and hedges a portion of those risks by using derivative financial instruments. Daimler’s Foreign Exchange Committee (FXCo) manages the Group’s exchange rate risk and its hedging transactions through currency derivatives. The FXCo consists of the Chief Financial Officer, the head of the Investor Relations & Treasury department, the head of the Corporate Controlling department and the heads of the Controlling departments of the relevant segments. The Corporate Treasury department assesses foreign currency exposures and carries out the FXCo's decisions concerning foreign currency hedging through transactions with international financial institutions. Risk Controlling regularly informs the Board of Management of the actions taken by Corporate Treasury based on the FXCo's decisions.

The Group's targeted hedge ratios for forecasted operating cash flows in foreign currency are indicated by a reference model. On the one hand, the hedging horizon is naturally limited by the uncertainty related to cash flows that lie far in the future, and, on the other hand, it may be limited by the fact that appropriate currency contracts are not available. This reference model aims to protect the Group from unfavorable movements in exchange rates while preserving some flexibility to participate simultaneously in favorable developments. Based on this reference model and depending on the market outlook, the FXCo determines the hedging horizon, which usually varies from one to three years, as well as the average hedge ratios. Reflecting the character of the underlying risks, the hedge ratios decrease with increasing maturities. At year-end 2009, the centralized foreign exchange management showed an unhedged position in the automotive business in calendar year 2010 amounting to 30% of the underlying forecasted cash flows in US dollars. The corresponding figure at year-end 2008 for calendar year 2009 was 12%. The higher unhedged position compared to last year contributes to a higher exposure of cash flows to currency risk with respect to the US dollar.

The hedged position is determined by the amount of derivative currency contracts held. The derivative financial instruments used to cover foreign currency exposure are primarily forward foreign exchange contracts and currency options. Daimler's guidelines call for a mixture of these instruments depending on the view of market conditions. Value at risk is used to measure the exchange rate risk inherent in these derivative financial instruments.

The following table shows the period-end, high, low and average value at risk figures for the 2009 and 2008 portfolio of these derivative financial instruments. The average exposure has been computed on an end-of-quarter basis. The offsetting transactions underlying the derivative financial instruments are not included in the following value at risk presentation.

	2009				2008			
Value-at-Risk	**Period-End**	**High**	**Low**	**Average**	**Period-End**	**High**	**Low**	**Average**
				(€ in millions)				
Exchange Rate Risk (from derivative financial instruments)	177	692	165	337	572	572	253	380

The average value at risk of the financial instruments used to hedge exchange rate risks decreased in 2009 as a result of lower exchange rate volatilities.

Effects of Currency Translation. For purposes of Daimler's consolidated financial statements, the income and expenses and the assets and liabilities of subsidiaries located outside the euro zone are converted into euro. Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment results (earnings before interest and taxes—EBIT) and net profit or loss of the Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values due to exchange rates. Daimler does not hedge against exchange rate translation risk. In 2009 and 2008, currency effects negatively affected our operating results.

Interest Rate Risk

Daimler uses a variety of interest rate sensitive financial instruments to manage the liquidity and cash needs of its day-to-day operations. A substantial volume of interest rate sensitive assets and liabilities results from the leasing and sales financing business which is operated by the Daimler Financial Services segment. The Daimler Financial Services companies enter into transactions with customers that primarily result in fixed-rate receivables. Daimler's general policy is to match funding in terms of maturities and interest rates, where economically feasible. However, for a limited portion of the receivables portfolio in selected and developed markets, the Group does not match funding in terms of maturities in order to take advantage of market opportunities. As a result, Daimler is exposed to risks due to changes in interest rates. In this regard, the Group does not create liquidity risks since finance and leasing contracts are funded with matching maturities.

An asset/liability committee consisting of members of the Daimler Financial Services segment, the Corporate Treasury department and the Corporate Controlling department manages the interest rate risk relating to Daimler's leasing and financing activities by setting targets for the interest rate risk position. The Treasury Risk Management department and the local Daimler Financial Services companies are jointly responsible for achieving these targets. As a separate function, the Daimler Financial Services Risk Management department monitors target achievement on a monthly basis. In order to achieve the targeted interest rate risk positions in terms of maturities and interest rate fixing periods, Daimler generally uses derivative financial instruments, such as interest rate swaps, forward rate agreements, swaptions and caps and floors. Daimler assesses its interest rate risk position by comparing assets and liabilities for corresponding maturities, including the impact of the relevant derivative financial instruments.

Derivative financial instruments are also used in conjunction with the refinancing related to the industrial business. Daimler coordinates the funding activities of the industrial and financial services businesses at the Group level.

The following table shows the period-end, high, low and average value at risk figures for the 2009 and 2008 portfolio of interest rate sensitive financial instruments of the Group, including the leasing and sales financing business. The average values have been computed on an end-of-quarter basis.

	2009				2008			
Value-at-Risk	**Period-End**	**High**	**Low**	**Average**	**Period-End**	**High**	**Low**	**Average**
				(€ in millions)				
Interest Rate Risk	49	49	33	41	13	163	13	79

The average value at risk of the interest rate sensitive financial instruments decreased in 2009 due to lower interest rate volatilities.

Commodity Price Risk

Daimler is exposed to the risk of changes in raw material prices in connection with procuring raw materials and manufacturing supplies used in production. Some of the raw material price risk, primarily relating to procuring of certain metals, is mitigated with the use of derivative financial instruments.

The following table shows the period-end, high, low and average value at risk figures for the 2009 and 2008 portfolio of derivative financial instruments used to hedge raw material price risk. The average exposure has been computed on an end-of-quarter basis. The offsetting transactions underlying the derivative financial instruments are not included in the following value at risk presentation.

	2009				2008			
Value-at-Risk	**Period-End**	**High**	**Low**	**Average**	**Period-End**	**High**	**Low**	**Average**
				(€ in millions)				
Commodity Price Risk (from derivative financial instruments	24	35	21	27	41	45	5	25

The period-end value at risk of financial instruments used to hedge commodity price risks decreased in 2009 as a result of lower commodity price volatilities.

Equity Price Risk

Daimler holds investments in marketable equity securities and equity derivatives. In line with international banking standards, the Group does not include investments in marketable equity securities that it classifies as long-term investments in its equity price risk assessment. Also not included in this assessment are equity derivatives used to hedge the market price risk of investments accounted for using the equity method. The remaining equity price risk in the years 2009 and 2008 was not, and is not currently, material to Daimler.

(e) Legal Risks

Various legal proceedings are pending against Daimler or could develop in the future. In our view, most of these proceedings constitute ordinary, routine litigation that is incidental to Group’s business. We recognize provisions for litigation risks if the resulting obligations are probable and can be reasonably estimated. It is possible, however, that due to the final resolution of some of these pending lawsuits, our provisions could prove to be insufficient and therefore substantial additional expenditures could arise. This also applies to legal disputes for which the Group has seen no requirement to recognize a provision. Although the final result of any such lawsuit could have a material effect on the Group’s earnings in any particular period, Daimler believes that any resulting obligations are unlikely to have a sustained effect on the Group’s cash flows, financial position or profitability. Further information on legal proceedings can be found in Note 27 of the Notes to the Consolidated Financial Statements.

(Plans for Installation and Removal of Facilities (First paragraph and its accompanied table))

The current plan for installation and removal of facilities is as follows:

In the coming years, we will continue to concentrate our investment budget on projects of particular importance for the market success of our products. But due to the new requirements placed on our products and the need to offer sustainable solutions for the mobility of the future, we will invest a total of more than €8 billion in property, plant and equipment in the years 2010 and 2011. Above all at Mercedes-Benz Cars, but also at Daimler Trucks, the planned investment in property, plant and equipment will be significantly higher than in the prior years.

Investments in property, plant and equipment (€ in billion)	**Period**	
	2009	**2010-2011**
Daimler Group	**2.4**	**8.1**
Mercedes-Benz Cars	1.6	5.1
Daimler Trucks	0.6	2.5
Mercedes-Benz Vans	0.1	0.3
Daimler Buses	0.1	0.2
Daimler Financial Services	0.01	0.02

III. The Place at which Copies of the Referential Documents Are Made Available for Public Inspection

Not applicable.

PART IV INFORMATION CONCERNING THE GUARANTOR, ETC.

Not applicable.

PART V SPECIAL INFORMATION

I. RECENT FINANCIAL STATEMENTS OF THE GUARANTOR AND INTERLOCKED SUBSIDIARY

Not applicable.