

[Form 10]

(Translation)

SEMI-ANNUAL REPORT

Fiscal Year (2010)

From: January 1, 2010

To: June 30, 2010

* This document is a hard copy of the electronic data of the Semi-Annual Report that was filed on September 28, 2010 through the EDINET system as provided by Article 27-30-2 of the Financial Instruments and Exchange Act of Japan with the table of contents and the page count appended thereto.

DAIMLER AG

(E05854)

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

(Translation)

[Cover Page]

Document Name:	Semi-Annual Report
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Date of Filing:	September 28, 2010
Interim Fiscal Year:	From January 1, 2010 to June 30, 2010
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Table of Contents

	Japanese original	English translation
PART 1. INFORMATION CONCERNING THE COMPANY	2	1
I. Outline of Legal and other Systems in the Home Country	3	1
II. Outline of the Company	4	2
1. Changes in Major Business Indices, etc.	4	2
2. Contents of Business	5	3
3. State of the Related Companies	7	4
4. Employees	7	5
III. Conditions of Business	8	6
1. Outline of Business Results, etc.	8	6
2. Conditions of Production, Order and Sales	9	7
3. Problems which must be Resolved	11	8
4. Risk Factors Relating to Business	11	8
5. Material Contracts Relating to Business	12	9
6. Research and Development	14	11
7. Analysis of Financial Condition, Results of Operations and Cash Flow Status	15	12
a) Daimler Group	15	12
b) Mercedes-Benz Cars	26	21
c) Daimler Trucks	27	22
d) Mercedes-Benz Vans	28	23
e) Daimler Buses	29	24
f) Daimler Financial Services	30	25
g) Reconciliation	31	26
IV. Conditions of Facilities	32	27
1. Conditions of Principal Facilities	32	27
2. Plans for Installation and Removal of Facilities, etc.	32	27
V. Conditions of the Company	33	28
1. Information Concerning Shares, etc.	33	28
2. Trends in Share Prices	37	33
3. Directors and Officers	38	33
VI. Conditions of Accounting (CPA's responsibility)	39	35
VII. Trends in the Foreign Exchange Rate	80	35

VIII. Reference Information	80	35
PART 2. INFORMATION REGARDING GUARANTORS, ETC. OF ISSUER	81	36

Notes:

- (1) Unless otherwise specified, in this report, “we,” “us,” “our,” “Daimler,” the “Daimler Group” 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 Semi-Annual Report, 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 = ¥ 106.91 (the means of the Telegraphic Transfer Spot Selling and Buying Exchange Rates of The Bank of Tokyo-Mitsubishi UFJ, Ltd. on August 31, 2010).
- (3) Where figures in tables in this Semi-Annual Report have been rounded, the totals may not necessarily agree with the sum of the figures.
- (4) Unless otherwise indicated, “shares” in this document refer to ordinary registered shares of the Company.
- (5) 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 a lack of further improvement or a renewed deterioration of global economic conditions, in particular a renewed decline of consumer demand and investment activity in Western Europe or the United States, or a downturn in major Asian economies; a continuation or worsening of the tense situation in the credit and financial markets, which could result in a renewed increase in borrowing costs or limit our funding flexibility; changes in currency exchange rates or interest rates; the ability to continue to offer fuel-efficient and environmentally friendly products; a permanent shift in consumer preference towards smaller, lower margin vehicles; the introduction of competing, fuel-efficient products and the possible lack of acceptance of our products or services, which may limit our ability to adequately utilize our production capacities or raise prices; price increases in fuel, raw materials and precious metals; disruption of production due to shortages of materials, labor strikes, or supplier insolvencies; a renewed decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization programs at all of our segments, including the repositioning of our truck activities in the NAFTA region and in Asia; the business outlook of companies in which we hold an equity interest, most notably the European Aeronautic Defence and Space Company EADS N.V. (EADS); the successful implementation of the strategic cooperation with Renault-Nissan; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending governmental investigations and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “4. Risk Factors Relating to Business” in “III. Conditions of Business.” 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.

PART 1. INFORMATION CONCERNING THE COMPANY

I. Outline of Legal and other Systems in the Home Country

There has been no material change during the six-month period ended June 30, 2010 as well as since the filing of the Securities Report on June 16, 2010.

On May 26, 2010 with effect as of July 2, 2010, the German Corporate Governance Code was amended by new recommendations i. a. with regard to diversity, in particular aiming for an appropriate degree of female representation in the Supervisory Board, the Management Board and managerial positions. As for the maximum number of supervisory mandates, the Code now recommends that a member of the Management Board of a listed company shall not accept more than a total of three supervisory board mandates in non-group listed companies or in supervisory bodies of companies with similar requirements. Non-Compliance with the Code's recommendations is possible but must be disclosed and explained.

II. Outline of the Company

1. Changes in Major Business Indices, etc.

The following table sets out the development of key figures of the Daimler Group. A detailed analysis of the business results is provided under “7. Analysis of Financial Condition, Results of Operations and Cash Flow Status” in section “III. Conditions of Business”.

Daimler Group (amounts in millions of €)	1 st half ended June 30, (unaudited)			Year ended Dec. 31, (audited)	
	2010	2009	2008	2009	2008
Revenue ¹	46,294	38,291	50,003	78,924	98,469
Western Europe ¹	18,329	18,100	24,283	36,458	46,276
of which Germany ¹	9,037	9,257	11,271	18,788	21,832
United States ¹	9,666	8,329	9,870	16,569	19,956
Other markets ¹	18,299	11,862	15,850	25,897	32,237
Employees (at period-end)	257,658	257,427	274,999	256,407	273,216
Investment in property, plant and equipment	1,381	1,242	1,536	2,423	3,559
Research and development expenditure	2,370	2,276	2,185	4,181	4,442
thereof: capitalized development costs	722	689	572	1,285	1,387
EBIT	3,294	(2,431)	4,029	(1,513)	2,730
Net profit (loss)	1,924	(2,348)	2,727	(2,644)	1,414
Earnings (loss) per share (in €)					
Basic	1.84	(2.37)	2.70	(2.63)	1.41
Diluted	1.84	(2.37)	2.69	(2.63)	1.40
Net profit (loss) from continuing operations	1,924	(2,348)	2,747	(2,644)	1,704
Earnings (loss) per share (in €)					
Basic	1.84	(2.37)	2.72	(2.63)	1.71
Diluted	1.84	(2.37)	2.71	(2.63)	1.70
Cash provided by (used for) operating activities ¹	4,599	6,426	1,352	10,961	(786)
Cash used for investing activities ¹	(746)	(5,689)	(2,025)	(8,950)	(4,812)
Cash provided by (used for) financing activities	(6,362)	6,409	(8,802)	1,057	(2,915)
Cash and cash equivalents					
At beginning of period	9,800	6,912	15,631	6,912	15,631
At end of period	7,886	13,928	5,591	9,800	6,912

1) Figures for 2008 adjusted in accordance with changes in accounting policies.

Daimler Group	As of June 30,			As of December 31,	
	<small>(unaudited)</small>			<small>(audited)</small>	
<small>(amounts in millions of €)</small>	2010	2009	2008	2009	2008
Equity attributable to shareholders of Daimler AG ¹	33,247	30,092	34,031	30,261	31,222
Minority interest	1,382	1,320	1,541	1,566	1,508
Total equity ¹	34,629	31,412	35,572	31,827	32,730
Total assets ¹	136,187	134,992	128,903	128,821	132,225

1) Figures as of December 31, 2008 adjusted in accordance with changes in accounting policies.

2. Contents of Business (to and as of the end of August 2010)

Daimler AG is the ultimate parent company of the Daimler Group. The Group develops, manufactures, distributes and sells a wide range of automotive products, mainly passenger cars, trucks, vans and buses. It also provides financial and other services relating to its automotive businesses.

The Group reports the following five segments:

- Mercedes-Benz Cars
- Daimler Trucks
- Mercedes-Benz Vans
- Daimler Buses
- Daimler Financial Services

The other business activities of the Group are included in the column “Reconciliation” together with corporate items and eliminations of intersegment transactions.

EADS. As of June 30, 2010, EADS was the most significant investee accounted for using the equity method. The Group principally includes its proportionate share in the income (loss) of EADS with a time lag of three months and reports the results in the reconciliation of total segments’ EBIT to Group EBIT in the segment reporting.

Daimler’s share of the net result of EADS in the first half of the year amounted to minus €64 million (H1 2009: plus €98 million). The carrying amount of the Group’s investment in EADS at June 30, 2010 was €2,359 million (December 31, 2009: €3,112 million).

For the purpose of its 2009 consolidated financial statements, EADS determined its loss provision regarding the A400M military transporter program based on the best estimate of its management. The amount recognized at EADS reflects in particular the status of some elements of the ongoing negotiations between EADS and the Launch Nations as of December 31, 2009, and adjustments to actual values as well as the expected total costs of the A400M program as updated in December 2009. This resulted in expenses, which Daimler had to recognize in its equity result for the six months ended June 30, 2010 due to the recognition of the proportionate results with a three-month time lag. The Group’s proportionate share in those expenses was €237 million.

Tognum. As of June 30, 2010, we held a 28.4% equity interest in Tognum AG (Tognum). Tognum is a global supplier of off-highway engines, propulsion systems and

decentralized energy systems. We account for our investment in Tognum with a three-month time lag using the equity method of accounting.

Kamaz. Russian Technologies, Daimler AG and the European Bank for Reconstruction and Development (EBRD) successfully completed an increase in their strategic investments in Kamaz OAO (Kamaz), a Russian truck manufacturer, on June 17, 2010. On February 11, 2010, the strategic partners signed a memorandum of understanding relating to the acquisition of 5% of Kamaz shares held by Troika Dialog. Daimler has thus increased its equity interest in Kamaz by one percentage point to 11%, while the remaining 4% of those Kamaz shares are legally held by the EBRD. Due to the contractual situation, Daimler is deemed to be the economic owner of the shares held by the EBRD pursuant to IFRS.

Renault-Nissan. In April 2010, within the framework of a wide-ranging strategic cooperation with the Renault-Nissan Alliance, the Group entered into a cross-shareholding structure. In this regard, Daimler received a 3.1% equity interest in Renault S. A. (Renault) as well as 3.1% of the shares of Nissan Motor Company Ltd. (Nissan) from Renault in an equivalent total amount of €1.3 billion. Daimler used treasury shares for the acquisitions and additionally paid €90 million in cash. For information on the number of treasury shares used please refer to Note 9 to the Unaudited Interim Consolidated Financial Statements.

Tata Motors. In March 2010, the Group sold its equity interest of approximately 5% in Tata Motors Limited (Tata Motors) to various groups of investors through the capital market. In the six months ended June 30, 2010, this transaction resulted in a cash inflow of €303 million and a gain before income taxes of €265 million. The gain is included in “other financial income (expense), net” in the consolidated statement of income (loss) and in the reconciliation from total segments’ EBIT to Group EBIT within the segment reporting.

Chrysler. In June 2009, Daimler, Cerberus Capital Management L.P. and the Pension Benefit Guaranty Corporation entered into a redemption agreement covering issues relating to Chrysler. Furthermore, the forgiveness of Daimler’s receivables in connection with a subordinated loan and a drawn credit line as well as payments of US \$600 million into Chrysler’s pension plans were agreed contractually. As a result, EBIT for the first half of 2009 was negatively impacted by €378 million; the EBIT effect was included in the reconciliation of total segments’ EBIT to Group EBIT.

In each of June 2009 and June 2010, Daimler has paid US \$200 million into Chrysler’s pension plans. The remaining amount is due in the second quarter of 2011.

3. State of the Related Companies

No material change regarding the Related Companies occurred during the six-month period ended June 30, 2010.

4. Employees

At the end of the first half of 2010, Daimler employed 257,658 people worldwide (end of H1 2009: 257,427). Of this total, 163,507 were employed in Germany (end of H1 2009: 162,818).

The table below provides the number of employees by segments as of June 30, 2010:

Number of Employees	As of June 30,	
	2010	2009
Mercedes-Benz Cars	94,922	93,873
Daimler Trucks	70,647	70,438
Mercedes-Benz Vans	15,003	15,773
Daimler Buses	16,754	17,424
Daimler Financial Services	6,803	6,839
Other ¹	53,529	53,080
Daimler Group	257,658	257,427

1) Includes the Group's corporate functions and sales & marketing organization.

III. Conditions of Business

1. Outline of Business Results, etc.

The following table provides an overview of the profit and loss account for the first half of 2010:

Unaudited Consolidated Statement of Income (Loss) (In millions of € except per share amounts)	1st half ended June 30,	
	2010	2009
Revenue	46,294	38,291
Cost of sales	(35,828)	(32,895)
Gross profit	10,466	5,396
Selling expenses	(4,073)	(3,772)
General administrative expenses	(1,610)	(1,720)
Research and non-capitalized development costs	(1,648)	(1,587)
Other operating income	319	269
Other operating expense	(180)	(156)
Share of profit (loss) from investments accounted for using the equity method, net	(214)	88
Other financial income (expense), net	234	(949)
Earnings before interest and taxes (EBIT)¹	3,294	(2,431)
Interest income	402	572
Interest expense	(820)	(984)
Profit (loss) before income taxes	2,876	(2,843)
Income tax benefit (expense)	(952)	495
Net profit (loss)	1,924	(2,348)
(Profit) loss attributable to minority interest	(9)	15
Profit (loss) attributable to shareholders of Daimler AG	1,915	(2,333)

Earnings (loss) per share (in €) for profit (loss) attributable to shareholders of Daimler AG

Basic	1.84	(2.37)
Diluted	1.84	(2.37)

1) EBIT includes expenses from the compounding of provisions (2010: €104 million; 2009: €638 million).

The accompanying notes are an integral part of these Unaudited Interim Consolidated Financial Statements. A detailed analysis of the business results is provided under “7. Analysis of Financial Condition, Results of Operations and Cash Flow Status” in this section.

2. Conditions of Production, Order and Sales

The following tables show the unit sales by regions and the total number of production for Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses.

Mercedes-Benz Cars

Unit sales	1 st half 2010	1 st half 2009	% change
Western Europe	312,936	305,019	+3
Germany	135,751	147,558	-8
United States	107,463	94,641	+14
China	75,366	26,061	+189
Other markets	123,813	92,715	+34
Total unit sales	619,578	518,436	+20
Production	633,846	451,996	+40

Daimler Trucks

Unit sales	1 st half 2010	1 st half 2009	% change
Western Europe	21,152	21,478	-2
Germany	11,049	11,784	-6
United States	30,634	24,560	+25
Latin America (excl. Mexico)	27,222	15,715	+73
Asia	51,397	38,790	+33
Other markets	23,949	18,996	+26
Total unit sales	154,354	119,539	+29
Production	158,177	104,349	+52

Mercedes-Benz Vans

Unit sales	1 st half 2010	1 st half 2009	% change
Western Europe	76,205	54,789	+39
Germany	28,724	25,558	+12
United States	5,152	288	—
Latin America (excl. Mexico)	5,941	3,947	+51
Asia	6,042	2,249	+169
Other markets	12,708	9,432	+35
Total unit sales	106,048	70,705	+50
Production	111,081	65,319	+70

Daimler Buses

Unit sales	1 st half 2010	1 st half 2009	% change
Western Europe	2,796	2,788	+0
Germany	899	1,044	-14
NAFTA	1,618	2,113	-23
Latin America (excl. Mexico)	12,621	7,525	+68
Other markets	2,191	2,686	-18
Total unit sales	19,226	15,112	+27
Production	19,601	15,465	+27

Unit sales and revenue will be discussed in detail under “7. Analysis of Financial Condition, Results of Operations and Cash Flow Status” in this section.

3. Problems which must be Resolved

The material contracts, agreements, business developments and competition are described under:

- “2. Contents of Business” in section “II. Outline of the Company,”
- “5. Material Contracts Relating to Business” in section “III. Conditions of Business,”
- “6. Research and Development” in section “III. Conditions of Business,”
- “7. Analysis of Financial Condition, Results of Operations and Cash Flow Status” in section “III. Conditions of Business,”
- “2. Plans for Installation and Removal of Facilities, etc.” in section “IV. Conditions of Facilities,” and
- Note 2 and Note 6 to the Unaudited Interim Consolidated Financial Statements included in this document.

Furthermore, 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.

4. Risk Factors Relating to Business

For a full description of risk factors influencing the Group’s business development, please refer to section “III. Description of Business” subsection “4. Risk Factors” of the Securities Report filed on June 16, 2010. No material change occurred during the six-month period ended June 30, 2010. Also, please consider Note 5 of the Table of Contents of this document.

5. Material Contracts Relating to Business

a) Change of Control Clauses

For existing change of control clauses except the change of control clauses regarding the Master Cooperation Agreement between Daimler AG, Renault, Nissan, and Renault-Nissan B.V. described below, please refer to section “III. Description of Business” subsection “5. Material Contracts Relating to Business” of the Securities Report filed on June 16, 2010.

During the six-month period ended June 30, 2010, the following material changes have occurred:

- A Master Cooperation Agreement between Daimler AG, Renault, Nissan and Renault-Nissan B.V. has been concluded concerning a wide-ranging strategic cooperation on a series of specific projects and the shared use of best practices. Specific projects have been agreed upon and will be implemented without delay. These projects include a new, common architecture for small cars, the shared use of fuel-efficient diesel and gasoline engines, and cooperation in the field of light commercial vehicles. A cross shareholding has also been agreed: On April 28, 2010, the Renault-Nissan Alliance received a 3.1% equity interest in Daimler out of Daimler’s treasury shares while Daimler received a 3.1% interest in Renault and a 3.1% interest in Nissan. In case of change of control with respect to either party, each of the other parties shall be entitled to terminate the Master Cooperation Agreement. A change of control shall have occurred if any person or group of persons acting in concert (i) becomes a legal or beneficial owner, directly or indirectly, of at least 50% of the voting securities of the respective party or (ii) has the right to appoint or elect a majority of the members of the governing body of the respective party; in each case provided that a change of control with respect to Renault, Nissan or Renault-Nissan B.V. shall only occur if such person or group of persons is neither Renault nor Nissan nor a subsidiary thereof or a combination of either of them, as the case may be.

This Master Cooperation Agreement includes:

- A general cooperation agreement between Renault and Daimler AG within the scope of the strategic cooperation concerning the legal framework for the development of a modified Renault vehicle as well as the legal framework for the supply for such vehicle to Daimler. Final agreements implementing such framework still need to be negotiated. In case of a change of control of Daimler AG, the general cooperation agreement provides for a right of termination by Renault and vice versa. The term “control” still needs to be defined in the final agreements implementing the general cooperation agreement.
- A general cooperation agreement between Renault and Daimler AG within the scope of the strategic cooperation concerning the legal framework for the development, manufacture and supply of two-seater and four-seater A-segment vehicles based upon Daimler's existing smart architecture. Final agreements implementing such framework still need to be negotiated. In case of a change of control of Daimler AG, the general cooperation agreement provides for a right of termination by Renault and vice versa after passing a consulting process. The term “control” is defined as in the Master Cooperation Agreement.

- A master development agreement between Renault and Daimler AG within the scope of the strategic cooperation concerning the legal framework for the adaptation development for powertrain components. Specific project agreements implementing such framework still need to be negotiated. In case of a change of control of Daimler AG, the master development agreement provides for a right of termination by Renault and vice versa after passing a consulting process. The term “control” is defined as in the Master Cooperation Agreement.
- A master development agreement between Nissan and Daimler AG within the scope of the strategic cooperation concerning the legal framework for the adaptation development for powertrain components. Specific project agreements implementing such framework still need to be negotiated. In case of a change of control of Daimler AG, the master development agreement provides for a right of termination by Nissan and vice versa after passing a consulting process. The term “control” is defined as in the Master Cooperation Agreement.

b) Material Contracts

On April 7, 2010, Daimler AG and the Renault-Nissan Alliance agreed on wide-ranging strategic cooperation, which will result in early advantages for both groups from a series of specific projects and the shared use of best practices. On the basis of comprehensive and constructive discussions, specific projects have been agreed upon and will be implemented without delay. These projects include a new, common architecture for small cars, the shared use of fuel-efficient diesel and gasoline engines, and cooperation in the field of light commercial vehicles. A cross shareholding has also been agreed: On April 28, 2010, the Renault-Nissan Alliance received a 3.1% equity interest in Daimler out of Daimler’s treasury shares while Daimler received a 3.1% interest in Renault and a 3.1% interest in Nissan.

On May 27, 2010, Daimler AG and BYD Company Limited (BYD) signed an agreement on the establishment of a 50:50 joint venture, “Shenzhen BYD Daimler New Technology Co. Ltd.,” for the development of an electric vehicle for the Chinese market. BYD and Daimler will invest a total of 600 million renminbi (approximately €71 million) in the joint venture. The new-generation electric vehicle to be developed by the joint venture combines Daimler’s expertise in the fields of automotive architecture and safety with BYD’s expertise in the fields of battery technology and electric drive systems. The vehicle will be marketed under a new brand, to be jointly created by Daimler and BYD. The two companies will also share the brand rights.

For additional information about material acquisitions and dispositions during the first half of 2010, please refer to Note 2 and Note 6 to the Unaudited Interim Consolidated Financial Statements.

6. Research and Development

In the first half of 2010, Daimler spent a total of €2.4 billion on research and development (H1 2009: €2.3 billion). Total research and development expenditure reached 5.1% of the Group's total revenue. 30% of the research and development expenditure have been capitalized.

The table below shows research and development expenditure during the first six months of 2010 and 2009:

Research and development expenditure (€in millions)	1 st half ended June 30,	
	2010	2009
Research and development expenditure	2,370	2,276
thereof: Capitalized development costs	722	689

For information regarding our strategic approach and organization for Research and Development, please refer to “*Strategic Approach and Organization*” in section “III. Description of Business” subsection “6. Activities on Research and Development” of the Securities Report filed on June 16, 2010. No material change occurred regarding our strategic approach and organization for Research and Development during the six-month period ended June 30, 2010.

We effectively continued the research and development projects important for our vehicles' competitiveness, while further improving the efficiency and quality of our research and development work. We intend to play an active part in shaping the technological transformation facing the automotive industry with pioneering innovations also in the future.

The main areas of Daimler's work were new, extremely fuel-efficient and environmentally friendly drive technologies, in line with our “Road to Emission-free Mobility” initiative. We work on optimizing conventional drive technologies and enhancing their efficiency through hybridization, as well as on electric vehicles with fuel cell drive and battery power. Another focus is on new safety technologies: In the context of our “Vision of Accident-free Driving,” we are pursuing the goal of avoiding accidents as far as possible and of alleviating the consequences of any accidents that might still occur.

7. Analysis of Financial Condition, Results of Operations and Cash Flow Status

The Group is conducting its business activities through the following segments: Mercedes-Benz Cars (b); Daimler Trucks (c); Mercedes-Benz Vans (d), Daimler Buses (e), and Daimler Financial Services (f). The table below sets forth revenue and earnings before interest and taxes (EBIT) for each segment:

(amounts in millions of €)	1 st half ended June 30,			
	2010		2009	
	Revenue	EBIT	Revenue	EBIT
Mercedes-Benz Cars	25,613	2,182	19,635	(1,463)
Daimler Trucks	10,726	430	9,135	(650)
Mercedes-Benz Vans	3,674	191	2,772	(101)
Daimler Buses	2,216	120	2,007	114
Daimler Financial Services	6,383	290	6,258	(88)
Reconciliation	(2,318)	81	(1,516)	(243)
Total	46,294	3,294	38,291	(2,431)

a) Daimler Group

Unit Sales and Revenue

In the first half of 2010, Daimler Group sold 899,200 cars and commercial vehicles. This represents a 24% increase compared to the prior-year period (H1 2009: 723,800).

Unit sales of the Mercedes-Benz Cars division increased by 20% to 619,600 vehicles. While unit sales of the Mercedes-Benz brand rose by 25%, unit sales of smart declined by 22%. Daimler Trucks sold 154,400 vehicles, compared to 119,500 in the first half of last year. As a result of the market recovery, Mercedes-Benz Vans increased unit sales by 50% to 106,000 vehicles. Unit sales of Daimler Buses grew by 27% to 19,200 buses and chassis. At the end of the first half of 2010, Daimler Financial Services' contract volume amounted to €3.8 billion, up from the level of a year earlier at €0.3 billion.

In the first half of 2010, Daimler's revenue rose by 21% to €46.3 billion. Adjusted for the effects of currency translation, the increase in revenue was 18%.

For the revenue by regions, please refer to the table in "II. Outline of the Company, 1. Changes in Major Business Indices, etc."

EBIT

For the first half of 2010, *Daimler* posted EBIT of €3,294 million (H1 2009: minus €2,431 million). This extremely positive earnings development is reflected by an ongoing upward trend in nearly all divisions. In addition to the Mercedes-Benz Cars division, which achieved significantly positive earnings in the first half of 2010 in particular due to increased unit sales in the full-size and luxury segments, Daimler Trucks, Daimler Financial Services and Mercedes-Benz Vans were also able to significantly improve their earnings compared to the prior-year period. Efficiency gains supported this positive earnings trend.

The sale of our equity interest in Tata Motors resulted in a gain of €265 million during the first half of this year. There was an opposing effect from a negative contribution to

earnings from our equity-method investment in EADS, which reduced the Group's EBIT by €264 million.

The programs for the repositioning of Daimler Financial Services in Germany, Daimler Trucks North America and Mitsubishi Fuso Truck and Bus Corporation resulted in expenses totaling €109 million in the first half of 2010 (H1 2009: €62 million).

Charges from the compounding of non-current provisions were lower than in the prior-year period (H1 2010: €104 million; H1 2009: €38 million), but exchange-rate effects were partially negative in the first half of 2010.

Earnings in the prior-year period were also reduced by Chrysler-related expenses (€47 million).

The EBIT of *Mercedes-Benz Cars* improved in the first half of 2010 compared to the prior-year period by €3.6 billion to €2,182 million. The division's return on sales rose to 8.5% (H1 2009: minus 7.5%). The key factors behind this strong earnings improvement were the positive development of unit sales, especially in China and the United States, as well as a more advantageous product mix and better pricing. Exchange-rate effects had a negative impact on earnings, however.

With EBIT of €430 million, the *Daimler Trucks* division also significantly improved its operating profitability in the first half of 2010, after EBIT of minus €50 million in the prior-year period. The return on sales increased accordingly to 4.0% (H1 2009: minus 7.1%). This pleasing earnings trend is primarily due to the good development of unit sales in all of our core markets. There were also positive effects from the measures taken to reduce costs, especially at Daimler Trucks North America and Mitsubishi Fuso Truck and Bus Corporation. The implementation of the optimization programs at Daimler Trucks North America and Mitsubishi Fuso Truck and Bus Corporation had a negative impact mainly on the first half of the prior year (H1 2010: minus €31 million; H1 2009: minus €62 million).

Mercedes-Benz Vans also achieved a significant earnings improvement in the first half of 2010 with EBIT of €191 million (H1 2009: minus €101 million). Return on sales was 5.2% (H1 2009: minus 3.6%). The main reason for this earnings trend was the increase in unit sales compared to the prior-year period, especially in Western Europe. Negative exchange-rate effects were offset by efficiency gains and cost savings.

The *Daimler Buses* division posted EBIT of €120 million in the first half of 2010, slightly surpassing the high result of the prior-year period (H1 2009: €14 million). Return on sales amounted to 5.4% (H1 2009: 5.7%). The positive development of earnings in Latin America resulting from higher unit sales of bus chassis as well as positive exchange-rate effects and efficiency measures compensated for the negative impact on earnings from decreased sales of complete buses (especially in Europe).

Daimler Financial Services posted EBIT for the first half of the year of €90 million, which is a significant improvement on the result of minus €8 million in the first half of 2009. Lower expenses for risk provisions and higher interest margins contributed to this earnings improvement. On the other hand, there was a negative impact from expenses for the repositioning of the division's business activities in Germany (€78 million), as well as charges relating to the sale of non-automotive assets (€20 million).

Items included in the *reconciliation* of the divisions' EBIT to Group EBIT had an impact of plus €81 million on EBIT for the first half of the year (H1 2009: minus €243 million). Daimler's share of the net result of EADS in the first half of the year amounted to minus €64 million (H1 2009: plus €98 million). The sharp decrease in

this earnings contribution is primarily due to additional provisions recognized by EADS in its 2009 consolidated financial statements relating to the A400M military transport aircraft. On the other hand, the sale of Daimler's 5.3% equity interest in Tata Motors led to a pre-tax gain of €265 million.

In the prior-year period, Group EBIT was reduced by Chrysler-related expenses of €347 million, partially connected with the completed disposal of the remaining 19.9% interest in Chrysler.

The elimination of intra-group transactions resulted in income of €43 million (H1 2009: €139 million).

The special items shown in the table below influenced EBIT in the first six months of the years 2010 and 2009:

Special items affecting EBIT (amounts in millions of €)	1st half ended June 30,	
	2010	2009
Daimler Trucks		
Realignment of Mitsubishi Fuso Truck and Bus Corporation	(15)	(204)
Repositioning of Daimler Trucks North America	(16)	(58)
Daimler Financial Services		
Repositioning of business activities in Germany	(78)	—
Sale of non-automotive assets	(20)	(22)
Reconciliation		
Sale of equity interest in Tata Motors	265	—
Chrysler-related expenses	—	(347)
A400M military transport aircraft ¹	(237)	—

1) Charges related to the A400M military transport aircraft of EADS are not considered in the calculation of EBIT from ongoing business.

Net Profit (Loss)

Unaudited Consolidated Statement of Income (amounts in millions of €)	1st half ended June 30,	
	2010	2009
Revenue	46,294	38,291
Cost of sales	(35,828)	(32,895)
Gross profit	10,466	5,396
Selling expenses	(4,073)	(3,772)
General administrative expenses	(1,610)	(1,720)
Research and non-capitalized development costs	(1,648)	(1,587)
Other operating income	319	269
Other operating expense	(180)	(156)
Share of profit (loss) from investments accounted for using the equity method, net	(214)	88
Other financial income (expense), net	234	(949)
Earnings before interest and taxes (EBIT)¹	3,294	(2,431)
Interest income	402	572
Interest expense	(820)	(984)
Profit (loss) before income taxes	2,876	(2,843)
Income tax benefit (expense)	(952)	495
Net profit (loss)	1,924	(2,348)
(Profit) loss attributable to minority interest	(9)	15
Profit (loss) attributable to shareholders of Daimler AG	1,915	(2,333)

1) EBIT includes expenses from the compounding of provisions (2010: €04 million; 2009: €38 million).

Net interest expense increased slightly to €418 million (H1 2009: €412 million). Higher expenses in connection with pension benefit obligations were nearly fully offset by an improved other interest result.

The *income-tax expense* for the first half of the year of €952 million (H1 2009: income-tax benefit of €495 million) was the result of the Group's pre-tax profit (H1 2009: pre-tax loss).

First-half *net profit* amounted to €1,924 million (H1 2009: net loss of €2,348 million), equivalent to earnings per share of €1.84 (H1 2009: loss per share of €2.37).

Cash Flow

Cash provided by operating activities. Cash provided by operating activities in the first six months of 2010 amounted to €4.6 billion (H1 2009: €6.4 billion). The positive impact of the significantly improved net profit was partially offset by the development of inventories, which increased slightly in the first half of 2010 but decreased substantially in the same period of last year. Other effects compared to the prior-year period resulted from the higher new business in leasing and sales financing as well as from higher interest payments, mainly related to the bonds issued in the prior year. Another factor is that corporate income tax was paid in the first half of 2010 whereas net tax refunds were received in the prior-year period. The effects from trade receivables and trade liabilities, which both increased in line with unit sales and production volumes, nearly offset each other compared to the prior-year period.

Cash flows from investing activities. Cash flows from investing activities in the first half of the year resulted in a net cash outflow of €0.7 billion (H1 2009: €5.7 billion). The reduced cash outflow compared to the prior-year period was primarily the result of acquisitions and sales of securities carried out in the context of liquidity management, which led to a net cash inflow of €1.2 billion in the first half of 2010 compared to a net cash outflow of €3.8 billion in the first half of last year. The reporting period was also affected by proceeds from the sale of shares in Tata Motors (€0.3 billion). There were cash outflows for the payment made in connection with the cross-shareholding with Renault-Nissan (€0.1 billion) and for increased investments in property, plant and equipment and intangible assets.

Cash flows from financing activities. Cash flows from financing activities resulted in a net cash outflow of €6.4 billion in the period under review, almost all of which reflects the repayment of financing liabilities. The cash inflow in the prior-year period of €6.4 billion was primarily due to new financing liabilities and the capital increase from the issue of new shares (€1.95 billion), offset to a small extent by the payment of the dividend for the year 2008 (€0.6 billion).

Cash and cash equivalents with an original maturity of three months or less decreased compared to December 31, 2009 by €1.9 billion, after taking the effects of currency translation into account. Total liquidity, which includes deposits and marketable securities with an original maturity of more than three months, decreased by €2.9 billion to €13.3 billion, mainly because of the cash outflows from financing activities. The high level of liquidity is likely to continue decreasing in the course of 2010, primarily due to the repayment of financing liabilities as they fall due.

Free cash flow of the industrial business. The free cash flow of the industrial business, the parameter used by Daimler to measure the Group's financing capability, was positive and increased significantly by €2.5 billion to €2.8 billion.

The main reason for the increase in the free cash flow was the increase in earnings of the divisions, which more than offset the negative effects of inventory developments, higher interest payments and higher investments in property, plant and equipment and intangible assets. The sale of shares in Tata Motors was an additional factor with a positive impact on the free cash flow.

Free cash flow of the industrial business (amounts in millions of €)	1st half ended June 30,	
	2010	2009
Cash flow from operating activities	4,549	2,118
Cash flow from investing activities	(1,083)	(4,790)
Change in cash (>3 months) and marketable securities included in liquidity	(695)	2,941
Free cash flow of the industrial business	2,771	269

Net liquidity of the industrial business. The net liquidity of the industrial business increased by €2.1 billion to €9.4 billion.

Net liquidity of the industrial business (amounts in millions of €)	June 30,	Dec. 31,
	2010	2009
Cash and cash equivalents	6,534	6,735
Marketable securities and long-term deposits	4,461	5,073
Liquidity	10,995	11,808
Financing liabilities	(1,266)	(5,516)
Market valuation and currency hedges for financing liabilities	(332)	993
Financing liabilities (nominal)	(1,598)	(4,523)
Net liquidity	9,397	7,285

The increase in net liquidity was mainly caused by the positive free cash flow, with smaller opposing effects from currency translation.

Net debt at Group level, which is primarily related to the refinancing of the leasing and sales-financing business, increased by €2.1 billion compared to December 31, 2009. The increase was primarily due to movements in currency exchange rates, partially offset by opposing effects from the industrial business.

Net debt of the Daimler Group (amounts in millions of €)	June 30,	Dec. 31,
	2010	2009
Cash and cash equivalents	7,886	9,800
Marketable securities and long-term deposits	5,401	6,342
Liquidity	13,287	16,142
Financing liabilities	(56,237)	(58,294)
Market valuation and currency hedges for financing liabilities	(332)	993
Financing liabilities (nominal)	(56,569)	(57,301)
Net debt	(43,282)	(41,159)

Balance Sheet Structure

Compared to December 31, 2009, the balance sheet total increased by €7.4 billion to €36.2 billion at the end of the first half of 2010. Adjusted for currency translation, there was a decrease of €1.2 billion.

The financial services business accounts for €8.1 billion of the balance sheet total (December 31, 2009: €5.1 billion), equivalent to 50% of the Daimler Group's total

assets (December 31, 2009: 51%).

Current assets are almost unchanged at 42% of the balance sheet total. Both receivables and inventories increased, while cash and cash equivalents decreased. Current liabilities account for 37% of the balance sheet total (December 31, 2009: 37%).

Intangible assets. Intangible assets increased to €7.3 billion (December 31, 2009: €6.8 billion). Adjusted for currency translation, the increase of €0.4 billion primarily reflects higher capitalized development costs.

Property, plant and equipment. The increase in property, plant and equipment to €16.9 billion (December 31, 2009: €16.0 billion) was mainly due to exchange-rate effects. In addition, investments at various locations including Kecskemét and Köllöda contributed to the increase in property, plant and equipment.

Equipment on operating leases and receivables from financial services. Equipment on operating leases and receivables from financial services increased by €5.6 billion to €22.6 billion (December 31, 2009: €27.0 billion). Adjusted for currency translation, there was an increase of €0.3 billion. As a proportion of the balance sheet total, these items amounted to 46% (December 31, 2009: 44%).

Investments accounted for using the equity method. Investments accounted for using the equity method of €3.7 billion mainly comprise the carrying amounts of our investments in EADS, Tognum and Kamaz. The decrease of €0.6 billion relates primarily to our investment in EADS, and was caused by the proportionate negative result as well as effects in other comprehensive income due to the evaluation of derivative financial instruments.

Inventories. Inventories increased by €1.7 billion to €14.6 billion, accounting for 11% of the balance sheet total. The increase was primarily attributable to exchange-rate effects and the development of production and unit sales.

Trade receivables. Trade receivables increased by €2.2 billion to €7.5 billion, due to higher unit sales and exchange-rate effects.

Other financial assets. Other financial assets (€10.4 billion) mainly comprise securities, investments, derivative financial instruments, loans and other receivables due from third parties. The decrease of €1.1 billion primarily reflects the reduction in the securities included in liquidity management and the development of derivative financial instruments. The increase in investments is due to the cross-shareholding arising from the strategic cooperation with the Renault-Nissan Alliance, and was partially offset by the sale of Daimler's interest in Tata Motors. For the acquisition of the shares in Renault and Nissan, mainly treasury shares were used.

Cash and cash equivalents. Cash and cash equivalents decreased compared to December 31, 2009 by €1.9 billion to €7.9 billion.

Assets held for sale. The assets held for sale from non-automotive leasing portfolios amounted to €0.1 billion (December 31, 2009: €0.3 billion).

Provisions. Provisions accounted for 14% of the balance sheet total. Most of them relate to warranty, personnel and pension obligations and at €19.6 billion were above the level of December 31, 2009 (€18.4 billion). Beside exchange-rate effects, the increase was mainly due to higher provisions for pensions and other personnel obligations.

Trade payables. Trade payables increased by €2.3 billion to €8.0 billion, partially due

to the higher production volumes.

Financing liabilities. Financing liabilities decreased by €2.1 billion to €5.2 billion. Adjusted for currency translation, the decrease amounted to €5.2 billion. Financing liabilities accounted for 41% of the balance sheet total (December 31, 2009: 45%) and primarily relate to the leasing and sales-financing business. The liabilities arising from customer deposits in Mercedes-Benz Bank's direct banking business decreased by €1.9 billion to €0.7 billion.

Other financial liabilities. Other financial liabilities (€2.1 billion) mainly comprise liabilities from residual-value guarantees, derivative financial instruments and payrolls, as well as accrued interest on financing liabilities. Adjusted for currency translation, the increase of €0.7 billion was mainly due the evaluation of hedging instruments relating to the weak euro.

Group equity. The Group's equity increased compared to December 31, 2009 by €2.8 billion to €34.6 billion. Net profit of €1.9 billion and positive exchange-rate effects of €1.7 billion were partially offset by negative effects from the mark-to-market valuation of financial instruments. The equity ratio (Total equity divided by Total assets) was 25.4% for the Group (December 31, 2009: 24.7%) and 43.0% for the industrial business (December 31, 2009: 42.6%).

Credit Ratings

Standard & Poor's Rating Services (S&P), Moody's Investors Service, Inc. (Moody's), Fitch Ratings Ltd. (Fitch) and DBRS Limited (DBRS) rate our commercial paper (short-term) and our senior unsecured long-term debt (long-term).

Debt ratings are assessments by the rating agencies of the credit risk associated with us and are based on information provided by us or other sources. Lower ratings generally result in higher borrowing costs and reduced access to capital markets. Debt ratings are not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal by the rating agencies at any time. As rating agencies may have different criteria in evaluating the risks associated with a company, you should evaluate each rating independently of other ratings.

As of August 31, 2010, our credit ratings are as follows:

	S&P	Moody's	Fitch	DBRS
Short-term debt	A-2	P-2	F2	R-1 (low)
Long-term debt	BBB+	A3	BBB+	A (low)

All short-term and long-term ratings of all four rating agencies remained unchanged during the first half of 2010. The following changes occurred for the outlook on Daimler AG:

S&P Ratings. On Aug. 26, 2010, S&P revised its outlook on Daimler AG to stable from negative. At the same time, S&P affirmed the BBB+ long-term and A-2 short-term corporate credit ratings. The outlook revision reflects S&P's opinion that Daimler has considerably improved its financial risk profile over the past year, notably in the past two quarters, from a fairly weakened position in 2009. Furthermore, S&P underlines Daimler's improved reported operating results and order intake for the first half of 2010, and Daimler's debt protection measures are considered to be back to levels

more commensurate with the current rating. S&P also envisages an improved outlook for Daimler's major markets, notably passenger cars. S&P's stable outlook assumes an earnings outlook similar to the public guidance communicated by Daimler and, effectively, that the Daimler Group will maintain about the level of operating and financial performance reported in the first half of 2010.

Fitch Ratings. On July 19, 2010, Fitch affirmed Daimler AG's long-term issuer default rating and senior unsecured debt at BBB+, but changed its outlook to positive from negative. The short-term rating was affirmed at F2. In a reassessment of European auto manufacturers, Fitch stated that Daimler managed to maintain a substantial net cash position and low gross leverage in 2008 and 2009, although it posted negative operating profit in 2009. The change to a positive outlook reflects Fitch's expectation of further improvement in Daimler's financial profile by 2011, which should therefore comfortably position its credit metrics in the "A" category.

b) Mercedes-Benz Cars

Amounts in millions of €	1 st half 2010	1 st half 2009	% change
EBIT	2,182	(1,463)	—
Revenue	25,613	19,635	+30
Unit Sales	619,578	518,436	+20
Production	633,846	451,996	+40
Employees (June 30)	94,922	93,873	+1

Mercedes-Benz Cars recorded a very positive business development in the first half of this year. The division increased its unit sales by 20% to 619,600 vehicles (H1 2009: 518,400), due in particular to ongoing strong growth in sales of the E-Class and S-Class models and the positive development of nearly all major markets. Revenue rose by 30% to €25.6 billion. Due to the positive market development, Mercedes-Benz Cars improved its EBIT to €2,182 million (H1 2009: minus €1,463 million). For further information on the factors influencing EBIT, please refer to the discussion of Group EBIT in “III. Conditions of Business, 7. Analysis of Financial Condition, Results of Operations and Cash Flow Status, a) Daimler Group” above.

Unit sales by products. Our model mix improved significantly following an excellent response to the new models in the full-size and luxury segments. Sales of 167,600 automobiles in the E-Class segment were more than double the number for the prior-year period (H1 2009: 79,200). The E-Class sedan remains the market leader in its segment.

Sales in the luxury segment rose by a strong 53% to 39,400 units (H1 2009: 25,700), making the S-Class the global market leader once again.

Primarily due to growth for the M- and GL-Class, Mercedes-Benz increased its unit sales also in the SUV segment – by 14% to 91,300 vehicles (H1 2009: 80,300).

With sales of 160,900 cars, unit sales of C-Class models were close to the prior-year level (H1 2009: 163,900).

Unit sales of A- and B-Class models rose by 5% to 109,900 (H1 2009: 104,500).

For lifecycle reasons, sales of the smart fortwo decreased to 48,400 units (H1 2009: 62,100). The new generation of the two-seater will be available as of the third quarter of 2010.

Regional sales trends. In Western Europe, sales of 312,900 units were 3% higher than in the prior-year period (H1 2009: 305,000). In Germany, we gained market share once again. In the United States, unit sales increased to 107,500 vehicles (H1 2009: 94,600), making Mercedes-Benz the best-selling German premium brand in that market. In China, Mercedes-Benz Cars was able to nearly triple its unit sales to 75,400 vehicles (H1 2009: 26,100) and continues to be the fastest-growing premium brand in China.

For the unit sales by regions and the total number of production for Mercedes-Benz Cars, please refer to the table in “III. Conditions of Business, 2. Conditions of Production, Order and Sales” above.

c) **Daimler Trucks**

Amounts in millions of €	1 st half 2010	1 st half 2009	% change
EBIT	430	(650)	—
Revenue	10,726	9,135	+17
Unit Sales	154,354	119,539	+29
Production	158,177	104,349	+52
Employees (June 30)	70,647	70,438	+0

Against the background of stronger worldwide demand for trucks, Daimler Trucks increased its first-half unit sales by 29% to 154,400 vehicles (H1 2009: 119,500). All of the division's key markets contributed towards this positive development. Revenue of €10.7 billion was also significantly higher than in the prior-year period (H1 2009: €9.1 billion). EBIT of €430 million was substantially better than in the first half of last year (H1 2009: minus €650 million). For further information on the factors influencing EBIT, please refer to the discussion of Group EBIT in "III. Conditions of Business, 7. Analysis of Financial Condition, Results of Operations and Cash Flow Status, a) Daimler Group" above.

Trucks Europe/Latin America. Trucks Europe/Latin America (Mercedes-Benz) increased its unit sales by 25% to 56,300 vehicles in the first half of 2010 (H1 2009: 45,200). The strongest contribution towards this growth came from the Brazilian market (+64% to 21,700 vehicles). This was due not only to the economic revival, but also to state support with the provision of favorable financing packages and the extension of tax relief until the end of the year. Unit sales increased also in Europe, especially in Turkey, to 25,200 compared to 24,000 in the prior-year period.

Trucks NAFTA. Trucks NAFTA (Freightliner, Western Star, Thomas Built Buses) increased its unit sales from 30,400 to 36,500 vehicles. Significant growth was achieved in the United States (+21%), where a market revival is now apparent.

Trucks Asia. Trucks Asia (Fuso) achieved strong growth in unit sales: from 44,000 to 61,600 vehicles. While unit sales in Japan decreased by 8%, the overall demand in the regions outside Japan was 60% higher than in the first half of 2009. The strongest growth within this region was in Indonesia (+90%), primarily due to strong domestic demand combined with state economic stimulus.

For the unit sales by regions and the total number of production for Daimler Trucks, please refer to the table in "III. Conditions of Business, 2. Conditions of Production, Order and Sales" above.

d) **Mercedes-Benz Vans**

Amounts in millions of €	1 st half 2010	1 st half 2009	% change
EBIT	191	(101)	—
Revenue	3,674	2,772	+33
Unit Sales	106,048	70,705	+50
Production	111,081	65,319	+70
Employees (June 30)	15,003	15,773	-5

As a result of the market recovery, Mercedes-Benz Vans' unit sales increased significantly to 106,000 vehicles in the first six months of 2010 (H1 2009: 70,700). Revenue of €3.7 billion was also well above last year's level (H1 2009: €2.8 billion). EBIT amounted to €191 million (H1 2009: minus €101 million). For further information on the factors influencing EBIT, please refer to the discussion of Group EBIT in "III. Conditions of Business, 7. Analysis of Financial Condition, Results of Operations and Cash Flow Status, a) Daimler Group" above.

Regional sales trends. In Western Europe, the division's most important sales market, growth in unit sales of 39% to 76,200 vehicles was achieved in the first half of 2010. Unit sales increased significantly in the United Kingdom, France, Italy, and Spain. In Eastern Europe, Mercedes-Benz Vans achieved strong double-digit growth in unit sales (+26%).

Mercedes-Benz Vans made a very successful start with its new sales organization in the United States and Canada. Unit sales in the NAFTA region rose to 6,400 vehicles (H1 2009: 700). Mercedes-Benz Vans also achieved very positive growth in Latin America, where unit sales of 5,900 vehicles were 51% above the level of the prior-year period.

Unit sales by products. Worldwide sales of the Sprinter increased by 56% compared with the first half of last year to 67,700 units. And the Vito and Viano models posted growth in unit sales of 42%.

Development of market share. In a recovering market environment, Mercedes-Benz Vans defended its market leadership in the segment of medium-sized and large vans in the European Union in the first half of 2010, increasing its share of the market by 0.9 percentage points compared to the prior-year period to 17.5%.

For the unit sales by regions and the total number of production for Mercedes-Benz Vans, please refer to the table in "III. Conditions of Business, 2. Conditions of Production, Order and Sales" above.

e) **Daimler Buses**

Amounts in millions of €	1 st half 2010	1 st half 2009	% change
EBIT	120	114	+5
Revenue	2,216	2,007	+10
Unit Sales	19,226	15,112	+27
Production	19,601	15,465	+27
Employees (June 30)	16,754	17,424	-4

At Daimler Buses, unit sales grew by 27% to 19,200 buses and chassis in the first half of this year (H1 2009: 15,100). There was a renewed rise in demand from Latin America, mainly due to the positive development in Brazil, while unit sales in Western Europe were similar to the prior-year level. The division's revenue of €2.2 billion was also higher than in the prior-year period (H1 2009: €2.0 billion). EBIT amounted to €120 million (H1 2009: €114 million). For further information on the factors influencing EBIT, please refer to the discussion of Group EBIT in "III. Conditions of Business, 7. Analysis of Financial Condition, Results of Operations and Cash Flow Status, a) Daimler Group" above.

Western Europe. In Western Europe, 2,800 buses and chassis of the Mercedes-Benz and Setra brands were sold (H1 2009: 2,800). Whereas unit sales of intercity buses and coaches recovered slightly, unit sales of city buses did not achieve the level of the prior-year period.

NAFTA. In the NAFTA region, unit sales declined by 23% to 1,600 units (H1 2009: 2,100), mainly due to a sales decrease in Mexico. However, the Mexican market recovered in the second quarter of this year.

Latin America. In Latin America (excluding Mexico), Daimler Buses achieved a growth in unit sales to 12,600 chassis of the Mercedes-Benz brand (H1 2009: 7,500). Growth in demand was particularly strong in Brazil, the region's biggest market (+67%).

For the unit sales by regions and the total number of production for Daimler Buses, please refer to the table in "III. Conditions of Business, 2. Conditions of Production, Order and Sales" above.

f) Daimler Financial Services

Amounts in millions of €	1 st half 2010	1 st half 2009	% change
EBIT	290	(88)	—
Revenue	6,383	6,258	+2
New Business	14,054	12,405	+13
Contract Volume	63,771	60,298	+6
Employees (June 30)	6,803	6,839	-1

Daimler Financial Services' contract volume increased to €3.8 billion at the end of the first half of 2010, which is 9% above the level at the end of 2009 (H1 2009: 60.3billion). Adjusted for exchange-rate effects, the portfolio remained stable. New business reached €4.1 billion in the first six months of 2010 (H1 2009: €2.4 billion). EBIT amounted to €90 million (H1 2009: minus €88 million). For further information on the factors influencing EBIT, please refer to the discussion of Group EBIT in "III. Conditions of Business, 7. Analysis of Financial Condition, Results of Operations and Cash Flow Status, a) Daimler Group" above.

Europe. In the Europe region, contract volume of €28.5 billion at the end of the first half of 2010 was 1% lower than at the end of 2009. The contract volume of Mercedes-Benz Bank in Germany decreased over the same period from €6.1 billion to €5.7 billion. In the direct banking business, Mercedes-Benz Bank's total deposit volume decreased from €2.6 billion to €0.7 billion.

In the first half of 2010, Daimler Financial Services and Mercedes-Benz Bank decided to reposition their business activities in Germany by the end of 2012 and to concentrate them at three locations. The head office of Daimler Financial Services will move from Berlin to Stuttgart and will be co-located with the headquarters of Mercedes-Benz Bank under one roof.

By 2012, Mercedes-Benz Bank will set up a new service center in the Berlin area, bringing together various functions of the automotive financial services business which are currently located at eight business centers as well as at Mercedes-Benz Bank's headquarters in Stuttgart. This strategic repositioning will result in streamlined structures and improved processes, securing a leading competitive position in the long-term. In the medium term, there will be cost savings of approximately €50 million per annum.

Americas. Contract volume in the Americas region of €6.9 billion at the end of the June was higher than at the end of 2009 (€2.9 billion). Adjusted for exchange-rate effects, there was an increase of 0.5%.

Africa & Asia/Pacific. Contract volume in the Africa & Asia/Pacific region increased by 23% in the first half of the year to €3.3 billion. Adjusted for exchange-rate effects, there was an increase of 6%. Once again, growth in China was particularly dynamic; the division's portfolio there has grown since the beginning of this year by 81% to €61 million.

g) Reconciliation

Amounts in millions of €	1 st half 2010	1 st half 2009	% change
EBIT	81	(243)	—
Equity-method result EADS	(264)	98	—
Sale of equity interest in Tata Motors	265	—	—
Chrysler-related expenses	—	(347)	—
Corporate items / Other	37	(133)	—
Eliminations	43	139	-69
Revenue	(2,318)	(1,516)	—

The reconciliation of the divisions' EBIT to Group EBIT reflects our proportionate share in the results of our equity-method investment in EADS, other gains or losses at the corporate level, and the effects on earnings of eliminating intra-group transactions between the divisions.

In total, these items increased EBIT for the first half of the year by €81 million (H1 2009: minus €243 million). For further information on the factors influencing the reconciliation of the divisions' EBIT to Group EBIT, please refer to the discussion of Group EBIT in "III. Conditions of Business, 7. Analysis of Financial Condition, Results of Operations and Cash Flow Status, a) Daimler Group" above.

Included in the column "Reconciliation" is revenue of minus €2.3 billion for the first half of 2010 (H1 2009: minus €1.5 billion), which mainly represents eliminations of intersegment transactions.

IV. Conditions of Facilities

1. Conditions of Principal Facilities

No material change during the six-month period ended June 30, 2010.

2. Plans for Installation and Removal of Facilities, etc.

No material change during the six-month period ended June 30, 2010. However, to be able to react quickly to fluctuations in demand, over the coming years and as part of the efficiency-improvement programs at Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses, the automotive divisions will further improve their manufacturing flexibility and modernize their production equipment. In addition, we are party to various joint ventures, assembly contracts and other arrangements that allow us to gain access to additional production capacity, utilize our plants more efficiently or gain access to new geographic markets.

In China, the first Mercedes-Benz Viano vans produced for a customer by Fujian Daimler Automotive (FJDA) rolled off the assembly line in Fuzhou in April 2010. FJDA is a joint venture established in 2007 between the Fujian Motors Group (FJMG), China Motor Corp. (CMC) and Daimler AG. A total of 3,000 units of the Vito and the Viano from local production were sold in that period.

Also in China, at our plant in Beijing, the production of the new long-wheelbase E-Class started during the second quarter of 2010. We anticipate further positive unit-sales impetus from the long-wheelbase E-Class, which has been developed exclusively for the Chinese market.

As of 2011, Mercedes-Benz Trucks will integrate the former car plant in Juiz de Fora into its production network and will produce the Mercedes-Benz Actros there, as well as in Aksaray (Turkey) as of late 2010. This will allow Mercedes-Benz to react more quickly and flexibly to rising demand in the various regions.

For the reposition of the business activities in Daimler Financial Services and Mercedes-Benz Bank, please refer to “III. Conditions of Business, 7. Analysis of Financial Condition, Results of Operations and Cash Flow Status, f) Daimler Financial Services.”

V. Conditions of the Company

1. Information Concerning Shares, etc.

(1) Total Number of Shares, etc.

(i) Total number of shares

Approved number of Shares: (as of June 30, 2010)	1,623,944,649
Issued and outstanding Shares: (as of June 30, 2010)	1,061,633,432 (704,646 of them treasury shares)
Shares not yet issued: (as of June 30, 2010)	562,311,217
	348,518,492 (Approved Capital 2009)
	174,259,246 (Conditional Capital 2010)
	39,533,479 (residual Conditional Capital II)

Approved Capital 2009: The Annual Meeting on April 8, 2009 authorized the Board of Management, 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 up to €1,000,000,000.00 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. The new Approved Capital 2009 and the cancellation of the remaining former Authorized Capital I and II came into effect with their entry in the Commercial Register on June 5, 2009.

Conditional Capital I and Conditional Capital 2010: The Annual Shareholders' Meeting held on April 6, 2005 granted the authorization limited until April 5, 2010 to issue convertible bonds and/or bonds with warrants and approved a Conditional Capital I in the amount of up to €300 million for the fulfillment of conversion rights or warrant rights arising from such convertible bonds and/or bonds with warrants issued on the basis of the authorization. As no convertible bonds and/or bonds with warrants were issued under the authorization before it expired on April 5, 2010, the Conditional Capital I was cancelled by resolution of the Annual Shareholders' Meeting on April 14, 2010. In order to secure maximum possible flexibility for corporate financing and access to borrowed capital at favorable interest rates in view of ongoing uncertainty about future economic developments, the Annual Shareholders' Meeting held on April 14, 2010 granted a new authorization until April 13, 2015 to issue bearer and/or registered convertible bonds and/or bonds with warrants or a combination of these instruments with a total face value of up to €1,000,000,000 and conditionally increased the share capital by an amount up to €500,000,000.00 (Conditional Capital 2010) to grant shares to the holders of such convertible bonds and/or bonds with warrants. The conditional capital increase is to be carried out only to the extent to which use is made of conversion or warrant rights or to which the holders who are

subject to a conversion obligation fulfill this obligation and no other forms of fulfillment are applied. The new shares shall participate in the profits of the Company as of the beginning of the financial year in which they are created through the exercise of conversion or warrant rights or through the fulfillment of conversion obligations.

In the context of the cancellation of the Conditional Capital I and the creation of a new Conditional Capital 2010, the Annual Shareholders Meeting further amended Article 3, Paragraph 3 of the Articles of Incorporation.

Conditional Capital II: As of June 30, 2010, the share capital of the Company shall be conditionally increased by an amount not to exceed €13,432,945.95 through the issuance of up to 39,533,479 no-par-value registered shares (residual Conditional Capital II). The conditional capital increase shall be undertaken only to the extent that the holders of option rights issued by Daimler AG in the period up to April 18, 2005 in conformity with the resolution passed at the Shareholders' Meeting held on April 19, 2000 actually exercise their options and the Company does not grant any of its own shares in fulfillment of the options.

The new shares shall participate in the profits of the Company as of the beginning of the financial year of their issuance.

For further details on the before mentioned authorized, approved and conditional capital, please refer to section II. Share Capital and Shares, Article 3 (§ 3) Share Capital, of the Company's Articles of Incorporation.

(ii) ***Issued and outstanding shares***

Kind: registered ordinary shares, no par value

Number of shares: 1,061,633,432
(as of June 30, 2010)

Stock Exchanges on which the Shares are listed or Securities Dealers Associations with which the Securities are registered: After the delisting of our ordinary shares from the New York Stock Exchange, effective June 7, 2010, our ordinary shares are listed on the Frankfurt Stock Exchange and the Stuttgart Stock Exchange.

Contents: N/A

(2) **Description of Number of Issued and Outstanding Shares and Share Capital**

Date or time	Increase in share capital	Total share capital after the increase/ change in € (ten thousand Yen)	Remarks
Balance as of Dec. 31, 2009	1,061,183,782 shares	3,044,842,112.82 (32,552,407)	End of fiscal 2009
Jan. 1 to June 30, 2010	€1,290,175.44 449,650 shares	3,046,132,288.26 (32,566,200)	Exercise of stock options
Balance as of June 30, 2010	1,061,633,432 shares	3,046,132,288.26 (32,566,200)	End of first half 2010

In April 2000, the Group's shareholders approved the Daimler Stock Option Plan (SOP), which grants stock options for the purchase of Daimler ordinary shares to eligible employees. 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 equal installments at the earliest 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%. After 2004 no new stock options were granted. In the event of exercise, Daimler AG has generally issued ordinary shares so far, with only a few exceptions in 2008. Issuance of new shares under Conditional Capital II in case of execution of stock options leads to a corresponding increase of share capital in the pro-rata amount of the share capital attributable to the new shares at the business day following to the exercise date (valuta date) while the amount of the Conditional Capital II decreases accordingly. Under the authorization renewed by the shareholders' meeting in April 2010, the company may also use shares bought back from the market to serve the stock option plans. In that case, the share capital and the Conditional Capital II remain unaffected from executions of stock options.

Between January 1, 2010, and June 30, 2010, 449,650 Daimler shares were issued in connection with the exercise of stock options.

After the exercise of stock options in the first half of 2010, the total number of issued shares of the Company amounted to 1,061,633,432 on June 30, 2010.

For a description of the stock option plans for our management and employees, such as the exercise prices, please refer to Note 20 of our Consolidated Financial Statements disclosed with the Securities Report filed on June 16, 2010. An update of the basic data of the stock option plans as of June 30, 2010, is provided in the table below:

Year of grant	Reference price (in €)	Exercise price (in €)	Options granted (in millions)	At June 30, 2010	
				Options outstanding (in millions)	Options exercisable (in millions)
2000	62.30	74.76	15.2	0	0
2001	55.80	66.96	18.7	4.7	4.7
2002	42.93	51.52	20.0	3.8	3.8
2003	28.67	34.40	20.5	2.6	2.6
2004	36.31	43.57	18.0	4.4	4.4

(3) Major Shareholders

Our capital stock consists of ordinary shares without par value (Stückaktien). Our ordinary shares are issued in registered form. Under our Articles of Incorporation (Satzung), each ordinary share represents one vote. Major shareholders do not have different voting rights.

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 chart below is based on the notifications that Daimler received from the respective shareholders until June 30, 2010. Therefore, the figures below may not reflect the exact shareholding on June 30, 2010. There may have been changes in the shareholding previously notified that did not touch the above thresholds and therefore did not need to be notified.

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.

The table below shows the number of ordinary shares of the major shareholders as defined under Japanese regulation, and their percentage of ownership based on the notifications that Daimler received from the respective shareholders until June 30, 2010:

Identity of the Person or Group	Address	Shares owned	Percent
Aabar Automotives GmbH (indirect wholly owned subsidiary of the Emirate of Abu Dhabi), formerly named Semare Beteiligungsverwaltungs GmbH	Wagramer Straße 17-19, 1220 Vienna, Austria (formerly Sterngasse 13, 1010 Vienna, Austria)	96,408,000	9.1%
Kuwait Investment Authority as agent for the Government of the State of Kuwait	Ministries Complex, AlMurqab, Kuwait City, Kuwait	56,589,320 ¹	5.3% ¹
BlackRock, Inc.	40 East 52 nd Street, New York, NY 10022, USA	41,372,761	3.9%
Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071, USA	32,933,948	3.1%

1) As far as we know, there is no change in the Kuwait Investment Authority's strategic investment in Daimler of 73,169,320 shares (6.9%), which has existed since 1974, and the changes with regard to its voting rights from the information disclosed in the Annual Securities Report filed on June 16, 2010 were only due to the delivery of shares corresponding to securities lending transactions.

The voting rights notifications that Daimler received from January 1, 2010, to June 30, 2010, are described below:

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%. On April 11, 2010, the Kuwait Investment Authority informed us that, as of March 1, 2010, its voting rights in Daimler AG fell to 45,034,320 shares due to the delivery of shares corresponding to securities lending transactions. On April 24, 2010, the Kuwait Investment Authority informed us that its number of voting rights in Daimler AG exceeded again the 5% threshold due to the delivery of shares corresponding to securities lending transactions and it held 56,589,320 shares (5.3%) on April 22, 2010. For further information, please refer to note 1 of the table above.

Capital Research and Management Company has notified us that on May 26, 2010, the stake of Capital Research and Management Company in the voting rights in Daimler AG exceeded the threshold of 3%. On that date, Capital Research and Management Company held 3.1% (32,933,948 ordinary shares) in relation to all voting rights in Daimler AG.

As a result of Daimler's disposition of the treasury shares based on the agreements for wide-ranging strategic cooperation with Renault-Nissan Alliance on April 7, 2010, Renault and Nissan each held 16,448,378 ordinary shares of Daimler AG (the proportion of total voting rights to voting rights owned is 1.55% respectively) as of April 28, 2010. For further information on this transaction, please refer to the Securities Registration Statement and its attachments, filed with the Director General of the Kanto Local Finance Bureau on April 7, 2010, and the Extraordinary Report, filed with the Director General of the Kanto Local Finance Bureau on April 30, 2010.

2. Trends in Share Prices

The table below shows the highest and lowest stock prices for our ordinary shares on Xetra for each of the first six months of the year. Xetra, which stands for Exchange Electronic Trading, is an integrated electronic exchange system which is an integral part of the Frankfurt Stock Exchange, the most significant of the German stock exchanges.

Month:	Jan 10	Feb 10	Mar 10	Apr 10	May 10	June 10
Stock price per share (in €)						
Highest:	37.55	34.34	35.02	39.47	41.92	44.50
Lowest:	32.32	30.35	31.35	35.18	35.85	40.08

3. Directors and Officers

(a) The Supervisory Board

No material changes since the filing of the Securities Report on June 16, 2010. However, for the sake of completeness, the following changes, which have occurred since year-end 2009, are repeated:

- Jörg Spies was appointed by the local district court as a member of the Supervisory Board representing the employees, effective January 5, 2010, for a term ending with the end of the annual general meeting in 2013.
- At the close of the Annual Meeting of shareholders on April 14, 2010, Arnaud Lagardère's term of office as member of the Supervisory Board representing the

shareholders expired.

- On the same date, the Annual Meeting of shareholders elected Dr. Paul Achleitner, a member of the Board of Management of Allianz SE, as shareholder representative to the Supervisory Board for the period until the end of the shareholders' meeting that will resolve on the ratification of the actions for the 2014 financial year.

(b) The Board of Management

No material change since the filing of the Securities Report on June 16, 2010. However, for the sake of completeness, the following changes, which have occurred since year-end 2009, are repeated:

- On February 17, 2010, our Supervisory Board extended the terms of office of Dr. Dieter Zetsche, chairman of the Board of Management of Daimler AG and head of Mercedes-Benz Cars, and Dr. Thomas Weber, who is responsible for group research and Mercedes-Benz Cars development, for three years, effective as of January 1, 2011. In addition, our Supervisory Board appointed Dr. Wolfgang Bernhard as a member of our Board of Management for a term of three years, effective February 18, 2010. Dr. Bernhard is responsible for production and procurement Mercedes-Benz Cars and the Mercedes-Benz Vans division.

(c) Compensation of the Supervisory Board and Board of Management

For information on the compensation of the Supervisory Board and the Board of Management please refer to the statements as disclosed in the Securities Report filed on June 16, 2010, especially described under “(c) Compensation of the Supervisory Board and Board of Management” in section “V. Description of the Company” subsection “4. Directors and Officers.”

In light of the measures taken to reduce labor costs at Daimler AG, the members of the Supervisory Board and the Board of Management waived part of their compensation since May 1, 2009. The arrangement ended on June 30, 2010.

VI. Conditions of Accounting

The unaudited condensed consolidated financial statements, prepared according to IFRS, and additional explanations required under Japanese law have been omitted. They are included on pages 39 to 79 of the original Japanese version.

VII. Trends in the Foreign Exchange Rate

Omitted because the foreign exchange rates between Yen and Euro, the currency used in the Company's financial statements, have been published for the first six months of the year in more than one Japanese newspaper concerning current events.

VIII. Reference Information

The following documents have been filed since the commencement of the relevant half fiscal year up to the filing date of this Semi-Annual Report.

- a) Securities Report and its attachments filed with the Director General of the Kanto Local Finance Bureau on June 16, 2010.
(For the fiscal year from January 1, 2009 through December 31, 2009)
- b) Extraordinary Report
 - (i) 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 Financial Instruments and Exchange Act of Japan and Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of the Contents, etc. of Companies).
 - (ii) Extraordinary Report filed with the Director General of the Kanto Local Finance Bureau on April 30, 2010 (pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act of Japan and Article 19, Paragraph 2, Item 2 of the Cabinet Office Ordinance Concerning Disclosure of the Contents, etc. of Companies).
- c) Securities Registration Statement
Securities Registration Statement and its attachments, to which Article 5, Paragraph 4 of the Financial Instruments and Exchange Act of Japan is applicable, filed with the Director General of the Kanto Local Finance Bureau on April 7, 2010.
- d) Amendment to the Shelf Registration Statement
 - (i) Amendment to the Shelf Registration Statement filed with the Director General of the Kanto Local Finance Bureau on February 26, 2010.

- (ii) Amendment to the Shelf Registration Statement filed with the Director General of the Kanto Local Finance Bureau on April 30, 2010.

PART 2. INFORMATION REGARDING GUARANTORS, ETC. OF ISSUER

Not applicable.