

DAIMLER

Investor Relations Release

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Daimler on a successful course: Group EBIT 2010 of €7.3 billion, proposed dividend of €1.85, Group EBIT in 2011 expected to be significantly above prior-year figure.

- **Net profit of €4.7 billion in 2010 (2009: net loss of €2.6 billion)**
- **Substantial increase in Group revenue to €97.8 billion (2009: €78.9 billion)**
- **Free cash flow of the industrial business doubles to €5.4 billion (2009: €2.7 billion)**

Stuttgart – Daimler AG (stock-exchange symbol DAI) today presented its preliminary and unaudited results for the year 2010 for the Group and the divisions.

Daimler achieved Group EBIT of €7,274 million in 2010 (2009: minus €1,513 million), bringing the year to a very successful close.

“Daimler managed an excellent comeback last year,” stated Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars, at the annual press conference in Stuttgart. “Our goal now is to maintain the level we have reached over the long term and to further improve it wherever possible. We have the right products, technologies and strategies to do so.”

Based on current estimates, Daimler expects EBIT from the ongoing business in 2011 to surpass the level of 2010 significantly.

After the prior year had been severely impacted by the financial and economic crisis, earnings in all divisions developed much more positively than had been anticipated at the beginning of 2010. This was due not only to the general market recovery, but in particular to the attractive product range as well as efficiency gains that were implemented. There was an opposing effect on EBIT from increased research and development expenditure.

Special items affecting earnings in the years 2009 and 2010 are listed in the table on page 12 and in the descriptions of the individual divisions.

The positive development of EBIT led to a significant improvement in **net profit** to €4,674 million in 2010 (2009: net loss of €2,644 million). Earnings per share improved accordingly to €4.28 (2009: loss per share of €2.63).

After Daimler decided not to pay a dividend last year, more than 40% of the Group's net profit attributable to Daimler shareholders is now to be distributed. On this basis, the Board of Management and the Supervisory Board have decided to recommend to the shareholders for their approval at the Annual Meeting to be held on April 13, 2011 that a dividend of €1.85 per share be paid out. The total dividend payout will then amount to €1,971 million.

Daimler sold a total of 1.9 million vehicles in 2010. The level of the prior year, which had been very low due to the global economic and financial crisis, was thus surpassed by 22%. **Group revenue** increased by 24% to €97.8 billion; adjusted for exchange-rate effects, there was an increase of 19%.

The **free cash flow** of the industrial business increased by a significant €2.7 billion to €5.4 billion. Compared with the prior year, the net liquidity of the industrial business grew by €4.7 billion to €11.9 billion.

The size of the **workforce** increased slightly due to stronger demand. As of December 31, 2010, the Group employed 260,100 people worldwide (2009: 256,407). Of that total, 164,026 were employed in Germany (2009: 162,565). The number of apprentices was 8,841 (2009: 9,151).

In view of the Group's positive economic development in the year 2010, Daimler's Board of Management and General Employee Council have agreed that the special efforts made by the workforce in 2010 will be rewarded with a high performance participation bonus of €3,150 per entitled employee of Daimler AG. In the anniversary year of the invention of the automobile, each employee worldwide will also receive a special bonus of up to €1,000, depending on his or her length of time at the Group.

Investments to safeguard the future

Daimler increased its research and development expenditure last year to €4.8 billion (2009: €4.2 billion). Research and development spending totaled €3.1 billion at Mercedes-Benz Cars (2009: €2.7 billion) and €1.3 billion at Daimler Trucks (2009: €1.1 billion).

The main areas of research and development work were new, extremely fuel-efficient and environmentally friendly drive technologies. This included working on the optimization of conventional drive technologies and enhancing their efficiency through hybridization, as well as on electric vehicles with fuel-cell drive and battery power. Another focus was on new safety technologies.

Capital expenditure on property, plant and equipment amounted to €3.7 billion (2009: €2.4 billion). The focus was on investments in new vehicle models and new drive systems. €2.1 billion of the total volume of capital expenditure was in Germany.

The divisions in detail

Mercedes-Benz Cars, comprising the brands Mercedes-Benz, Maybach and smart, increased its unit sales by 17% to 1,276,800 vehicles last year (2009: 1,093,900). As the structure of unit sales shifted toward higher-value models, revenue increased at the significantly higher rate of 29% to €53.4 billion.

The division achieved EBIT of €4,656 million (2009: minus €500 million) and its return on sales was 8.7% (2009: minus 1.2%).

This excellent result is mainly a reflection of the high volume of unit sales following the decline in demand for cars in the previous year. Above all in the United States and China, the Mercedes-Benz Cars division was able to increase its unit sales significantly because of its attractive product range. Other factors with a positive impact on earnings were an advantageous product mix, improved pricing and increased efficiency. An additional positive effect came from lower charges from the compounding of non-current provisions (2010: €140 million; 2009: €657 million). Compared to the prior year, there was higher research and development expenditure.

Daimler Trucks increased its unit sales by 37% to 355,300 vehicles (2009: 259,300). Revenue increased by 31% to €24 billion.

The division's EBIT amounted to €1,323 million (2009: minus €1,001 million) and its return on sales was 5.5% (2009: minus 5.5%).

This earnings improvement is primarily due to the good development of unit sales with contributions from all major markets (Europe, United States, Latin America and Japan). Earnings were boosted in 2010 also by cost-reducing actions, in particular from the repositioning of Daimler Trucks North America and Mitsubishi Fuso Truck and Bus Corporation, although the implementation of those programs still had a negative impact on earnings of €40 million in 2010 (2009: negative impact of €340 million).

In addition, EBIT for 2010 includes expenses relating to the reassessment of long-term warranty and service obligations as well as higher expenditure for research and development. There was an opposing, positive effect from income of €160 million recognized at Daimler Trucks North America in connection with the adjustment of health-care and pension plans. Lower charges from the compounding of non-current provisions also had a positive impact (2010: €58 million; 2009: €241 million).

Mercedes-Benz Vans sold 224,200 vehicles (2009: 165,600).

Revenue of €7.8 billion was also a significant increase compared with the prior year (2009: €6.2 billion).

The division achieved a significant earnings improvement with EBIT of €451 million (2009: €26 million). Its return on sales of 5.8% was well above the prior-year figure of 0.4%.

The positive earnings trend resulted primarily from increased unit sales, especially in Western Europe, the United States and China, and also from better pricing. Charges from exchange-rate effects were more than offset by sustained efficiency improvements.

Daimler Buses posted unit sales of 39,100 complete buses and bus chassis (2009: 32,500). Revenue amounted to €4.6 billion (2009: €4.2 billion).

The division increased its EBIT to €215 million (2009: €183 million) and achieved a return on sales of 4.7% (2009: 4.3%).

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This earnings development mainly reflects the substantial increase in deliveries of bus chassis in Latin America. There were opposing effects from lower unit sales of complete buses in Western Europe and North America.

Daimler Financial Services' worldwide contract volume of €63.7 billion was 9% above the prior-year level. Adjusted for exchange-rate effects, it grew by 3%. New business increased compared with the prior year by 17% to €29.3 billion. Adjusted for exchange-rate effects, the increase was 11%.

This division also significantly improved its earnings to €831 million (2009: €9 million). Its return on equity was 16.1% (2009: 0.2%).

The increase in earnings after crisis year 2009 was mainly caused by lower expenses for risk provisions and higher interest margins. There were opposing, negative effects in 2010 from expenses of €82 million related to the restructuring of business operations in Germany. An additional factor was that the division disposed of non-automotive assets that were subject to leasing agreements, resulting in an expense of €9 million (2009: expense of €100 million).

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

Daimler's proportionate share of the net loss of **EADS** amounted to an expense of €261 million (2009: income of €88 million). The sharp deterioration is mainly due to the additional provisions recognized at

EADS in its 2009 consolidated financial statements in connection with the A400M military transport aircraft (minus €237 million). Negative exchange-rate effects were also a factor. Page 7

The income of €30 million recognized at corporate level in 2010 (2009: expense of €486 million) primarily reflects a gain of €265 million on the sale of Daimler's 5.3% equity interest in Tata Motors and pre-tax income of €218 million related to the positive outcome of a legal dispute involving Daimler AG in October 2010. It also includes expenses totaling €125 million for the anniversary bonus and €88 million for the capital increase for the Daimler and Benz Foundation as well as additional expenses in connection with legal proceedings in 2010.

Outlook

According to current estimates, worldwide demand for motor vehicles will continue to grow this year, but no longer as dynamically as in 2010. The global car market could expand by 5 to 7%, thus reaching a new record volume. The Asian emerging markets and in particular the Chinese market will continue to play a major role. But the outlook remains mixed for the triad markets of Western Europe, the United States and Japan. The US market should continue its recovery, while the best that can be expected for car sales in Western Europe is that they remain at the prior-year level. In Germany, however, significant growth is now to be expected following the double-digit market decline in 2010. On the other hand, the Japanese car market is unlikely to equal its artificially high level of 2010, which was boosted by state incentives for car buyers.

Worldwide demand for commercial vehicles in 2011 will probably feature sharply differing market developments in the triad markets and in the other regions. Market recovery is expected to accelerate in the triad of Western Europe, the United States and Japan, especially in the

segment of medium-duty and heavy-duty trucks. Market growth of 20 to 25% is anticipated for the NAFTA region. Demand for trucks in Europe should increase by 15 to 20%. Following the expiry of state incentive schemes in autumn 2010, moderate volume growth is expected for the Japanese market for medium and heavy-duty trucks. Demand for trucks outside the triad will be primarily determined by the Chinese market. Since the state incentive program expired in China at the end of 2010, demand is expected to decline this year.

In view of the continuation of generally good market prospects as well as numerous model changes and new products, **Mercedes-Benz Cars** anticipates further growth in unit sales by the Mercedes-Benz brand. Thanks to its up-to-date and competitive model range, the division will profit also in the year 2011 from the strong demand for the E-Class models and from the market success of the S-Class. Another factor is that the new version of the CLS coupe has been delivered to customers since late January 2011. As of March, the new generation of the C-Class sedan and station wagon and the new SLK roadster will provide additional sales impetus. The C-Class coupe will follow in June, the new version of the M-Class will be launched in September, and the roadster version of the Mercedes-Benz SLS AMG will follow in the fourth quarter. In November, the new B-Class will be launched – the first model of four new vehicles in the compact-car segment.

Furthermore, the highly efficient four, six and eight-cylinder engines and the eco-start-stop technology will be introduced in additional models. With the new generation of the C-Class, for example, the C 220 CDI will be available with fuel consumption of just 4.4 liters per 100 kilometers and CO₂ emissions of 117 g/km.

For the smart brand, due to the full availability of the new-generation smart fortwo, unit sales are anticipated in the magnitude of the year 2010.

Daimler Trucks assumes that it will increase its unit sales substantially again in 2011. Expectations for unit sales are based on the numerous new products, including the new Atego and the Atego BlueTec Hybrid, both of which were voted Truck of the Year 2011. The new version of the Axor is the first truck of its class in the upper performance range in Germany to be fitted with Mercedes PowerShift transmission as standard equipment. PowerShift optimizes fuel consumption and enhances driving comfort. BLUETEC technology, which has already proven its worth for several years in Europe, was successfully introduced in new engines in the United States and Canada in 2010. The division assumes that with these new engines, it will profit even more from the replacement of aging vehicles that is expected in North America. In November 2010, the all-new Canter light-duty truck was launched, setting new standards in terms of economy, environmental compatibility, safety and design. The Fuso Canter Eco Hybrid is Number 1 for fuel efficiency among trucks up to 5 tons in Japan, and is now available also in Australia, Ireland and Hong Kong.

The wide range of safety technology was expanded for Mercedes-Benz trucks with the second generation of Active Brake Assist, which can initiate an emergency braking procedure also before stationary obstacles if required.

At **Mercedes-Benz Vans**, the positive sales trend should continue this year. On the product side, demand will be boosted by new generations of the Vito and Viano and additional BlueEFFICIENCY models. Production in Argentina will change over by the end of the year 2011 to the current Sprinter model generation, thus significantly upgrading the product range in South American markets. Furthermore, the Sprinter will be launched in China this year. By means of local production, it is intended to significantly increase unit sales in that market with great potential for the future. In this context, the 50:50 joint venture Fujian Daimler Automotive will produce a bus version of the Sprinter in addition to the Vito and Viano starting in 2011.

Daimler Buses assumes it will maintain its globally leading position for buses above 8 tons with innovative and high-quality new products. The division expects to achieve unit sales similar to the high levels of 2010. But due to the limited scope for growth of its key markets of Western Europe and Latin America, any increase will be rather moderate.

Daimler Financial Services anticipates further growth in 2011 in the financing and leasing business as well as with insurance and fleet management. The division is continually expanding its product offering and combines individual financial services elements into attractive mobility solutions.

The **Daimler Group** assumes that its total **unit sales** will rise and that **revenue** will grow at a more moderate rate in 2011. The growth will probably be driven by all the automotive divisions.

These growth opportunities are connected with challenges. The year 2011 will feature high expenditure for new products and technologies and to penetrate new markets. The revival of the world economy is likely to lead to rising prices for oil and other raw materials that are important for Daimler. On the exchange-rate side, volatility will remain high. However, the risks arising for Daimler's business from severe fluctuations in exchange rates have already been largely hedged for 2011.

On the basis of current assessments, Daimler expects to post **EBIT** from the ongoing business in 2011 significantly in excess of the level of the year 2010.

In the coming years, the earnings of the individual divisions and thus of the entire Group are to be improved, and **return targets** are to be achieved on a sustainable basis. The Group intends to profit to an above-average extent from the anticipated growth of automotive markets.

As of the year 2013, Daimler aims to achieve on a sustained basis an annual average return on sales for its automotive business of 9% over market and product cycles. This is based on target returns on sales for the individual divisions of 10% for Mercedes-Benz Cars, 8% for Daimler Trucks, 9% for Mercedes-Benz Vans and 6% for Daimler Buses. For the Daimler Financial Services division, the Group has set a target return on equity of 17%.

In the years 2011 and 2012, Daimler will spend a total of €20.4 billion on research and development activities (€10.3 billion) and investment in property, plant and equipment (€10.1 billion). This is approximately €5.3 billion more than in the years 2009 and 2010. Among other things, substantial amounts are planned for the expansion of production capacities in the United States, China, India and Hungary.

Against the backdrop of rising production volumes and the targeted productivity advances, Daimler assumes that the total number of **persons employed** by the Group will increase slightly in 2011.

Table: Earnings in both years were affected by **special items**, which are listed in the following table:

In millions of euros	2010	2009
Daimler Trucks		
Adjustment of health-care and pension plans	160	-
Repositioning of Mitsubishi Fuso Truck and Bus Corporation	-3	-245
Repositioning of Daimler Trucks North America	-37	-95
Daimler Financial Services		
Repositioning of business activities in Germany	-82	-
Sale of non-automotive assets	-9	-100
Reconciliation		
Gain on the sale of shares in Tata Motors	265	-
Income connected with the settlement of a legal dispute	218	-
Anniversary bonus and allocation to Foundation	-213	-
Losses relating to Chrysler	-	-294
A400M military transport aircraft*	-237	-

* Expenses relating to the EADS A400M military transport aircraft are not included in the calculation of EBIT from the ongoing business.

The figures in this document are preliminary and have neither been approved yet by the Supervisory Board nor audited by the external auditor.

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our funding possibilities on the credit and financial markets; changes in currency exchange rates; a shift in consumer preference towards smaller, lower margin vehicles; or a possible lack of acceptance of our products or services, which may limit our ability to implement prices as well as to adequately utilize our production capacities; price increases in fuel, raw materials; disruption of production due to shortages of materials, labor strikes, or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook of companies in which we hold a significant equity interest, most notably EADS; the successful implementation of strategic cooperations and joint ventures, changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending governmental investigations and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk Report” in Daimler’s most recent Annual Report. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made.

Further Investor Relations information on Daimler is available on the Internet via <http://www.daimler.com/investors> and on handhelds via <http://www.daimler.mobi/ir>.

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Figures for the 4th quarter and full-year 2010

Daimler Group amounts in euros	Q4 2010	Q4 2009	Change 10/09	2010	2009	Change 10/09
Revenue, in millions	26.396	21.323	+ 24 %	97.761	78.924	+ 24 %
EBIT, in millions	1.562	448	+ 249 %	7.274	-1,513	-
Net profit (loss), in millions	1.140	-352	-	4.674	-2,644	-
Earnings (loss) per share (EPS)	0,99	-0.34	-	4,28	-2.63	-
Dividend proposed	-	-	-	1,85	-	-
Employees (Dec. 31)	260.100	256.407	+ 1 %	260.100	256.407	+ 1 %

EBIT by Divisions in millions of euros	Q4 2010	Q4 2009	Change 10/09	2010	2009	Change 10/09
Mercedes-Benz Cars	1.175	608	+ 93 %	4.656	-500	-
Daimler Trucks	393	-224	-	1.323	-1,001	-
Mercedes-Benz Vans	138	126	+ 10 %	451	26	-
Daimler Buses	84	46	+ 83 %	215	183	+ 17 %
Daimler Financial Services	224	-4	-	831	9	-

Revenue by Divisions in millions of euros	Q4 2010	Q4 2009	Change 10/09	2010	2009	Change 10/09
Mercedes-Benz Cars	14.152	11.445	+ 24 %	53.426	41.318	+ 29 %
Daimler Trucks	6.865	4.837	+ 42 %	24.024	18.360	+ 31 %
Mercedes-Benz Vans	2.235	1.842	+ 21 %	7.812	6.215	+ 26 %
Daimler Buses	1.335	1.207	+ 11 %	4.558	4.238	+ 8 %
Daimler Financial Services	3.147	2.874	+ 9 %	12.788	11.996	+ 7 %

Sales in units	Q4 2010	Q4 2009	Change 10/09	2010	2009	Change 10/09
Daimler Group	521.116	441.038	+ 18 %	1.895.432	1.551.291	+ 22 %
Mercedes-Benz Cars	339.753	303.552	+ 12 %	1.276.827	1.093.905	+ 17 %
Daimler Trucks	106.096	73.718	+ 44 %	355.263	259.328	+ 37 %
Mercedes-Benz Vans	64.449	54.748	+ 18 %	224.224	165.576	+ 35 %
Daimler Buses	10.818	9.020	+ 20 %	39.118	32.482	+ 20 %

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