DAIMLER

Annual Financial Statements 2011. Daimler AG.

Cover:

A revolution on Europe's highways. The new Actros makes no compromises when it comes to the claim of "Trucks you can trust." It's the first and to date only truck that has been rigorously developed in line with the Euro VI emissions standard.

Daimler AG
Annual Financial Statements 2011

The Management Report of Daimler AG is combined with the Group Management Report in accordance with Section 315 (3) of the German Commercial Code (HGB) and published in the Group Annual Report 2011.

The Annual Financial Statements and the summarized Management Report of Daimler AG for the year 2011 are filed with the operator of the electronic version of the German Federal Gazette and published in the electronic version of the German Federal Gazette.

The Annual Financial Statements of Daimler AG and the Group Annual Report 2011 can be found in the “Investor Relations” section of our website (www.daimler.com/ir/reports).

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Balance Sheet of Daimler AG

Assets	Notes	Dec. 31, 2011	Dec. 31, 2010
In millions of euros			
Non-current assets			
Intangible assets	(1)	372	278
Property, plant and equipment (including equipment on operating leases)	(2)	6,718	6,835
Financial assets	(3)	33,533	32,038
		40,623	39,151
Current assets			
Inventories	(4)	6,331	5,574
Trade receivables	(5)	1,833	1,722
Receivables from subsidiaries	(5)	20,283	20,943
Other receivables and other assets	(5)	3,067	2,219
Securities	(6)	1,637	1,239
Cash and cash equivalents	(7)	4,827	5,753
		37,978	37,450
Prepaid expenses		97	99
		78,698	76,700

Equity and liabilities	Notes	Dec. 31, 2011	Dec. 31, 2010
In millions of euros			
Equity			
Share capital	(8a)	3,060	3,057
(conditional capital €600 million)			
Capital reserves	(8b)	11,351	11,321
Retained earnings	(8c)	14,298	11,193
Distributable profit	(8d)	2,379	2,700
		31,088	28,271
Provisions			
Provisions for pensions and similar obligations	(9)	3,313	4,027
Other provisions	(10)	11,179	11,463
		14,492	15,490
Liabilities			
Trade liabilities	(11)	5,175	4,334
Liabilities to subsidiaries	(11)	19,302	19,463
Other liabilities	(11)	8,059	8,135
		32,536	31,932
Deferred income	(12)	582	1,007
		78,698	76,700

Income Statement of Daimler AG

	Notes	2011	2010
In millions of euros			
Revenue	(13)	69,486	63,002
Cost of sales	(14)	-59,562	-54,241
Gross profit		9,924	8,761
Selling expenses	(14)	-5,655	-4,907
General administrative expenses	(14)	-2,443	-2,194
Other operating income	(15)	1,619	1,439
Other operating expenses	(16)	-310	-516
Income/expense from investments in subsidiaries and associated companies, net	(17)	3,378	3,754
Interest income/expense, net	(18)	-1,186	-653
Other financial income/expense, net	(19)	131	-77
Income from ordinary activities		5,458	5,607
Extraordinary income		–	254
Income taxes	(20)	-701	-462
Net income	(21)	4,757	5,399
Transfer to retained earnings		-2,378	-2,699
Distributable profit		2,379	2,700

Notes to the Financial Statements of Daimler AG

Accounting policies and methods

The financial statements of Daimler AG have been prepared in accordance with the accounting principles of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG); the amounts shown are in millions of euros (€) and the comparable figures for the year ended December 31, 2010 are also shown. The items summarized in the balance sheet and the income statement are listed individually and explained in these notes.

For the sake of clarity, the system of presentation in accordance with Section 266 of the HGB has been modified. Other receivables and other assets comprise receivables from associated companies and other assets. Other provisions comprise provisions for taxes and other provisions. Other liabilities comprise liabilities to related companies, loans and bonds, liabilities to banks and other liabilities.

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

Recognition and measurement

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

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

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

The production costs of self-constructed assets comprise direct costs as well as prorated material and production overheads, including depreciation, to the extent that they are caused by the production process. In addition, for the first time, production costs also include prorated general administrative expenses as well as prorated expenses for the company's social facilities, voluntary social benefits and for company pensions, to the extent that those costs are incurred during the period of production.

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

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

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

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

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

For the sake of better clarity, we have added the item of leased assets to the schedule of non-current assets under property, plant and equipment.

Raw materials, manufacturing supplies and *goods* are measured at the lower of cost of acquisition or fair value; *work in progress and finished products* are measured at cost of production. Cost of production comprises production material and labor as well as prorated material and production overheads, including depreciation, to the extent that they are caused by the production process. In addition, for the first time, production costs also include prorated general administrative expenses as well as prorated expenses for the company's social facilities, voluntary social benefits and for company pensions, to the extent that those costs are incurred during the period of production. Impairments are recognized if an asset has to be measured at a lower value.

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

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

Payments made prior to the balance sheet date that constitute expenses for a specific period after that date are reported as *prepaid expenses.*

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

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

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

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

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

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

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

Payments received prior to the balance sheet date that constitute income for a specific period after that date are reported as *deferred income.*

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

Schedule of non-current assets

	Cost of acquisition or production						Depreciation/Amortization/Write-ups							Book value	
	Jan. 1, 2011	Additions from a merger*	Additions	Reclassifications	Disposals	**Dec. 31, 2011**	**Jan. 1, 2011**	Additions from a merger*	Additions	Write-ups	Reclassifications	Disposals	**Dec. 31, 2011**	**Dec. 31, 2011**	Dec. 31, 2010
In millions of euros															
Intangible assets															
Concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	**448**	4	87	12	14	**537**	**217**	2	59	–	.	14	**264**	**273**	231
Advance payments made	**47**	–	59	-7	–	**99**	**–**	–	–	–	–	–	**–**	**99**	47
	495	4	146	5	14	**636**	**217**	2	59	–	.	14	**264**	**372**	278
Property, plant and equipment															
Technical equipment and machinery	**10,844**	1	693	328	239	**11,627**	**8,995**	.	941	–	.	234	**9,702**	**1,925**	1,849
Other equipment, factory and office equipment	**8,893**	8	1,006	314	163	**10,058**	**7,042**	7	924	–	.	158	**7,815**	**2,243**	1,851
Leased assets	**3,680**	–	1,178	–	2,282	**2,576**	**1,462**	–	395	–	–	943	**914**	**1,662**	2,218
Advance payments made and construction in progress	**922**	–	627	-647	14	**888**	**5**	–	–	.	–	5	**–**	**888**	917
	24,339	9	3,504	-5	2,698	**25,149**	**17,504**	7	2,260	.	.	1,340	**18,431**	**6,718**	6,835
Financial assets															
Shares in subsidiaries	**32,698**	32	422	12	348	**32,816**	**1,540**	3	115	-127	6	82	**1,455**	**31,361**	31,158
Loans to subsidiaries	**287**	–	232	–	43	**476**	**7**	–	3	-1	–	–	**9**	**467**	280
Shares in associated companies	**767**	–	1,285	-12	178	**1,862**	**210**	–	110	–	-6	114	**200**	**1,662**	557
Other loans	**43**	–	.	–	.	**43**	**.**	–	.	.	–	–	**.**	**43**	43
	33,795	32	1,939	–	569	**35,197**	**1,757**	3	228	-128	–	196	**1,664**	**33,533**	32,038
Non-current assets	**58,629**	45	5,589	–	3,281	**60,982**	**19,478**	12	2,547	-128	–	1,550	**20,359**	**40,623**	39,151

* The additions from a merger relate to the merger of Auto-Henne GmbH, Munich.

Notes to the Balance Sheet

1 Intangible assets

Intangible assets of €372 million primarily comprise acquired licenses, name rights and similar values. Systematic amortization amounted to €59 million (2010: €52 million).

2 Property, plant and equipment

Additions of €3,504 million include leased assets of €1,178 million. These are primarily vehicles sold with leasing contracts. The other additions consist only of movable assets. Systematic depreciation on property, plant and equipment amounted to €2,247 million (2010: €2,300 million). Impairments of property, plant and equipment amounted to €13 million in 2011.

The reduction of leased assets is due in particular to the accounting of leased vehicles, which have primarily been sold to Mercedes-Benz Leasing GmbH since February 1, 2009 (except for sales to employees).

3 Financial assets

Shares in subsidiaries and associated companies increased by €1,308 million to €33,023 million (2010: €31,715 million).

The increase resulted primarily from the capital contribution to the joint venture between a subsidiary of the Rolls-Royce-Group and Daimler AG, which was established to acquire the shares of Tognum AG. Other significant additions relate to the investments in Daimler India Commercial Vehicles Pvt. Ltd. and in financial services activities.

In 2011, shares in subsidiaries and associated companies were impaired by an amount of €225 million (2010: €664 million). Write-ups amounted to €127 million (2010: €173 million).

The statement of investments pursuant to Section 285 of the German Commercial Code (HGB) is included in the Notes to the Financial Statements of Daimler AG and can be seen in Germany's online Company Register at www.unternehmens-register.de as well as at www.daimler.com/ir/reports.

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

4 Inventories

Finished products and goods comprise vehicles and spare parts produced both in the plants of Daimler AG and in the context of contract manufacturing. Used vehicles are also included. ↗3.01

5 Receivables and other assets ↗3.02

Receivables from subsidiaries primarily consist of receivables that originally arose from invoicing within the consolidated group within the context of central financial and liquidity management (€16,243 million, 2010: €17,680 million), as well as from the supply of goods and services to companies of the consolidated group in Germany and abroad (€4,040 million, 2010: €3,263 million). Receivables from associated companies primarily comprise trade receivables that originally arose from associated companies in Germany and abroad (€611 million, 2010: €502 million).

Other assets include tax-refund claims (€846 million, 2010: €795 million), premiums for currency options (€322 million, 2010: €324 million) and prepaid interest (€424 million, 2010: €259 million).

6 Securities

Other securities include marketable debt securities. The increase of €398 million is due to the increased volume of commercial papers. ↗3.03

7 Cash and cash equivalents

Cash and cash equivalents amount to €4,827 million at the end of the year (2010: €5,753 million) and consist of bank balances, cash in hand and checks.

Liquidity also includes securities (€1,637 million, 2010: €1,239 million) as well as cash and cash equivalents.

8 Equity ↗3.04

a) Share capital

The share capital is divided into no-par value shares. All shares are fully paid up. Each share grants one vote at the Annual Meeting of Daimler AG and, with the possible exception of new shares not entitled to dividend, an equal portion of the profits as defined by the dividend distribution resolved at the Annual Meeting. Each share represents approximately €2.87 of the share capital. ↗3.05

Treasury shares. By resolution of the Annual Meeting of April 14, 2010, the Board of Management was authorized until April 13, 2015 with the consent of the Supervisory Board to acquire the Company's own shares in a volume of up to 10% of the share capital at the time of the resolution of the Annual Meeting for all legally permissible purposes. The authorization includes acquisition for the purpose of cancelation, for the purpose of utilization in the context of business combinations and acquisitions, or for the purpose of selling them in another way than through the stock exchange or by offering them to all shareholders. This authorization was not used during 2011.

Between June and October 2008, the Company had made partial use of the authorization granted by the Annual Meeting of April 9, 2008 to acquire the Company's own shares until October 9, 2009 in a volume of up to 10% of the share capital at the time of the resolution of the Annual Meeting for certain purposes, including for the purpose of utilization in the context of business combinations and acquisitions. Of the shares acquired on this basis, Daimler AG held 37.1 million at December 31, 2009.

In 2010, 32.90 million of these treasury shares representing €94.39 million or 3.1% of the share capital with a value of €1,278.35 million were utilized in the context of a cross-shareholding to acquire 3.1% equity interests in each of Renault S. A. and Nissan Motors Co. Ltd. 2.38 million treasury shares representing €6.83 million or 0.23% of the share capital were sold through the stock exchange for a total amount of €90.10 million to make a cash payment in the context of that transaction.

3.01
Inventories

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Raw materials and manufacturing supplies	1,141	1,019
Work in progress	1,122	870
Finished products and goods	4,104	3,724
Inventories excluding advance payments received	6,367	5,613
Advance payments received	-36	-39
Inventories	6,331	5,574

3.02
Receivables and other assets

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Trade receivables	1,833	1,722
thereof more than 1 year until maturity	24	.
Receivables from subsidiaries	20,283	20,943
thereof more than 1 year until maturity	2,918	4,014
Receivables from associated companies	927	543
thereof more than 1 year until maturity	–	–
Other assets	2,140	1,676
thereof more than 1 year until maturity	45	65
Receivables and other assets	25,183	24,884
thereof more than 1 year until maturity	2,987	4,079

3.03
Securities

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Other securities	1,637	1,239

3.04
Equity

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Share capital	3,060	3,057
Capital reserves	11,351	11,321
Retained earnings	14,298	11,193
Distributable profit	2,379	2,700
Equity	31,088	28,271

3.05
Share capital

In millions of euros	2011	2010
Balance at January 1	3,057	2,938
Effects of application of treasury shares	1	110
Purchase of treasury shares	.	-4
Creation of new shares through the exercise of option rights	2	13
Balance at December 31	3,060	3,057
thereof treasury shares	–	-1

3.06

Number of shares

	2011	2010
Shares issued at January 1	1,065,641,907	1,061,183,782
Shares reacquired in the context of share buy-back program and not cancelled (prior years)	-221,418	-37,116,831
Shares outstanding at January 1	1,065,420,489	1,024,066,951
Utilization of treasury shares for Daimler AG to acquire equity interests in Renault/Nissan	–	35,278,376
Repurchase of treasury shares to settle obligations towards former AEG shareholders (in the prior year by exercise of a forward contract)	-139,695	-1,487,819
Utilization of treasury shares due to the settlement of obligations towards former AEG shareholders	361,113	3,104,856
Shares reacquired in the context of employee share programs and not cancelled	-611,206	-350,695
Sale of treasury shares to employees in the context of employee share programs	611,206	350,695
Creation of new shares by exercise of Stock option plan	703,825	4,458,125
Shares outstanding at December 31	1,066,345,732	1,065,420,489
Reacquired shares not cancelled	–	221,418
Shares issued at December 31	1,066,345,732	1,065,641,907

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

All of the remaining 0.22 million treasury shares at December 31, 2010 representing €0.64 million or 0.02% of the share capital were transferred to former AEG shareholders in 2011 to cover obligations to deliver additional Daimler shares. Also in 2011, parallel to the ongoing assertion of claims to additional Daimler shares by former AEG shareholders, another 0.15 million own shares were acquired representing €0.42 million or 0.01% of the share capital with a value of €6.86 million. Thereof, 0.14 million own shares with a value of €6.69 million representing €0.40 million or 0.01% of the share capital were transferred to former AEG shareholders to cover obligations to deliver additional Daimler shares. The remaining 0.01 million treasury shares with a value of €0.17 million representing €0.01 million or 0.00% of the share capital were sold through the stock exchange in order to reduce the number of treasury shares to zero on the balance sheet date; the resulting gain was transferred to the capital reserves.

Daimler AG held no treasury shares at December 31, 2011. ↗ 3.06

Employee share program. In connection with an employee share program in 2011, Daimler AG acquired 0.6 million Daimler shares (2010: 0.4 million Daimler shares) representing €1.75 million or 0.06% of the share capital for an average price of €46.34 per share and sold them to employees for an average price of €34.73 per share. The resulting loss of €7 million was offset against retained earnings.

Approved capital. By resolution of the Annual Meeting on April 8, 2009, the Board of Management was authorized, with the consent of the Supervisory Board, to increase Daimler AG's share capital in the period until April 7, 2014 by a total of €1,000 million in one lump sum or in partial separate amounts at different times by issuing new, registered no-par-value shares in exchange for cash and/or non-cash contributions (Approved Capital 2009). The Board of Management was also authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions.

Conditional capital. By resolution of the Annual Meeting on April 14, 2010, the Board of Management, with the consent of the Supervisory Board, was authorized until April 13, 2015 to issue once or several times convertible and/or warrant bonds or a combination of these instruments ("bonds") with a total nominal value of up to €10 billion and a maturity of no more than ten years. The Board of Management is allowed to grant the holders of these bonds conversion or warrant rights for new registered no par value shares in Daimler AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can also be issued by majority-owned direct or indirect subsidiaries of Daimler AG. Accordingly, share capital is conditionally increased by an amount of up to €500 million (Conditional Capital 2010). The authorization to issue convertible and/or warrant bonds has not yet been exercised. In addition, the share capital is conditionally increased by up to €100 million by the issue of new, registered no par value shares in Daimler AG (remaining Conditional Capital II). The remaining Conditional Capital II covers the subscription rights from the stock options issued until 2004.

Stock Option Plan. At December 31, 2011, 5.50 million options granting subscription rights to new shares representing €15.77 million of the share capital from stock option plans issued until and including the year 2004 had not yet been exercised (2010: 11.15 million options with subscription rights to new shares representing €32 million of the share capital).

b) Capital reserves

The capital reserves amount to €11,351 million at the end of 2011. During 2011, €30 million was transferred to the capital reserves as a result of the exercise of share options from Stock Option Plan 2002-2004. In addition, the gain of €0.01 million on the sale of treasury shares was transferred to the capital reserves. ↗3.07

c) Retained earnings

At December 31, 2011, other retained earnings amount to €14,298 million. ↗3.08

3.07
Capital reserves

	2011	2010
In millions of euros		
Balance at January 1	11,321	11,123
Gain on the sale of treasury shares	.	10
Transferred from exercise of options	30	188
Balance at December 31	11,351	11,321

3.08
Other retained earnings

	2011	2010
In millions of euros		
Balance at January 1	11,193	7,279
Purchase of treasury shares	-7	-36
Effects from the application of treasury shares	5	1,251
Allocated by the Annual Meeting	729	–
Transfer from profit for the year	2,378	2,699
Balance at December 31	14,298	11,193
thereof treasury shares	–	-6

d) Distributable profit

Distributable profit for the year 2011 is calculated in accordance with Section 158 Subsection 1 of the German Stock Corporation Act (AktG) and amounts to €2,379 million. ↗3.09

3.09

Distributable profit

	2011
In millions of euros	
Balance at January 1	2,700
Dividend distribution	-1,971
Allocation to retained earnings by the Annual Meeting	-729
Net income 2011	4,757
Allocation to retained earnings by the Board of Management and the Supervisory Board pursuant to Section 58 of the German Stock Corporation Act (AktG)	-2,378
Balance at December 31	2,379

Dividend

Pursuant to the German Stock Corporation Act (AktG), the maximum dividend that can be distributed to the shareholders is the distributable profit ("balance sheet profit") reported in the year-end financial statements of Daimler AG (company accounts) according to the German Commercial Code (HGB). The proposal will be made to the shareholders at the Annual Shareholders' Meeting that a dividend of € 2,346 million (€2.20 per dividend-entitled share) should be paid to the shareholders out of the distributable profit of Daimler AG for the year 2011 (2010: €1,971 million equivalent to €1.85 per dividend-entitled share).

Share-based payment

As of December 31, 2011, Daimler AG has the following awards outstanding that were issued under a variety of plans: the Performance Phantom Share Plan ("PPSP") 2008-2011 and the Stock Option Plan ("SOP") 2002-2004. The plans of share-based payments are measured according to the probability of their being claimed at the balance sheet date.

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

Performance Phantom Share Plan. In 2011, Daimler AG adopted a Performance Phantom Share Plan similar to that used from 2005 through 2010, under which eligible board members and employees are granted phantom shares entitling them to receive cash payments provided that predefined targets are met in the three-year performance period. The amount of cash paid to eligible persons is based on the number of vested phantom shares (determined depending on target achievement over a three-year performance period) multiplied by the quoted price of Daimler's ordinary shares (calculated as an average price over a specified period at the end of the four years of service). The calculation of target achievement is based on return on net assets and return on sales compared with the competitors.

3.10

Provisions for pensions and similar obligations

	Dec. 31, 2011	Dec. 31, 2010
In millions of euros		
Settlement amount of pensions and similar obligations	12,742	12,256
Fair value of Daimler Pension Trust assets	-9,429	-8,229
Net value of pensions and similar obligations (provision)	3,313	4,027

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

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

The exercise prices of the stock option plan are between €34.40 and €51.52.

9 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations less the fair value of the assets reserved to cover pension expenses (Pension Trust special asset) amount to €3,313 million at the end of the year (2010: €4,027 million). ↗3.10

The settlement amount of €12,742 million (2010: €12,256 million) was calculated on the basis of the projected unit credit method. Other parameters used in the calculation were the tables of mortality rates published by Heubeck (2005 G), the market interest rate published by the Bundesbank of 5.13% (2010: 5.16%), annual cost-of-living increases and annual pension entitlement increases of 1.70% (2010: 1.70%) and anticipated annual increases in wages and salaries of 3.0% (2010: 3.5%).

Retirement benefit obligations are offset against assets that serve solely to cover liabilities from pension obligations (Pension Trust special asset). At December 31, 2011 those assets have a fair value of €9,429 million and a cost of acquisition of €11,516 million.

The assets offset as of December 31, 2011 include the stakes as shown in Table ↗3.11 of more than 10% in German and comparable foreign investments as defined by Section 1 and Section 2 Subsection 9 of the German Investment Act (InvG).

10 Other provisions ↗3.12

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

Other provisions relate primarily to worldwide warranty risks, personnel and social obligations, obligations from the sales business, provisions for liability and litigation risks, unrealized losses from the valuation of derivative financial instruments and obligations for end-of-life vehicles. In addition, provisions are recognized for deferred maintenance that will be carried out in the first quarter of the following year.

3.11

Shares of investment funds by investment objectives

In millions of euros	Book value / fair value	Cost of acquisition	Difference	Dividend for the year
Mixed funds	8,387	10,545	-2,158	490
Real-estate funds	217	226	-9	11
	8,604	10,771	-2,167	501

3.12

Other provisions

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Provisions for taxes	2,743	2,901
Other provisions	8,436	8,562
	11,179	11,463

3.13
Liabilities

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Notes/bonds and commercial paper	4,373	4,688
of which due in less than 1 year	50	379
of which due in more than 5 years	1,000	1,000
Liabilities to banks	2,108	1,652
of which due in less than 1 year	990	4
of which due in more than 5 years	162	482
Trade payables	5,175	4,334
of which due in less than 1 year	5,175	4,334
of which due in more than 5 years	.	.
Liabilities due to subsidiaries	19,302	19,463
of which due in less than 1 year	17,154	15,814
of which due in more than 5 years	–	–
Liabilities due to associated companies	39	39
of which due in less than 1 year	39	39
of which due in more than 5 years	–	–
Other liabilities	1,539	1,756
of which due in less than 1 year	1,266	1,509
of which due in more than 5 years	–	–
of which tax liabilities	116	125
of which obligations concerning social security	128	107
Total of liabilities	32,536	31,932
of which due in less than 1 year	24,674	22,079
of which due in more than 5 years	1,162	1,482

3.14
Deferred income

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Deferred income	582	1,007

11 Liabilities ↗3.13

Liabilities due to subsidiaries include intragroup (cash) payables within the scope of central financial and liquidity management (€18,848 million, 2010: €18,991 million) as well as trade payables due to domestic and foreign subsidiaries (€454 million, 2010: €472 million).

Liabilities to associated companies include intragroup (cash) payables within the scope of central financial and liquidity management (€18 million, 2010: €19 million) as well as trade payables due to domestic and foreign associated companies (€21 million, 2010: €20 million).

Notes, bonds and commercial paper are mainly European medium-term notes in the amount of €4,190 million (2010: €4,288 million).

Liabilities to banks of €2,108 million (2010: €1,652 million) are mainly based on loans of €2,107 million (2010: €1,648 million).

Other liabilities (€1,539 million, 2010: €1,756 million) mainly comprise liabilities of wages and salaries, withheld income tax and social security contributions, and accrued interest and option premiums.

12 Deferred income

The reduction in deferred income is primarily due to the systematic release of forfeited receivables from future leasing installments. The release of deferred income takes place pro rata in line with the periods of the underlying contracts. ↗3.14

Notes to the Income Statement

13 Revenue

The development of revenue can be seen in Table ↗3.15.

3.15

Revenue

In millions of euros	2011	2010
Revenue by product		
Cars	49,425	46,061
Commercial vehicles	20,061	16,941
	69,486	63,002
Revenue by region		
Germany	21,367	20,606
International	48,119	42,396
	69,486	63,002
Breakdown of international revenue		
Western Europe (excluding Germany)	14,907	13,774
United States	10,688	9,528
China	6,857	5,815
Asia (excluding China)	5,731	5,049
Eastern Europe	4,588	3,327
The Americas (excluding United States)	2,736	2,373
Other markets	2,612	2,530
	48,119	42,396

14 Functional costs

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

Cost of sales are manufacturing costs. These costs mainly consist of the costs of production materials, purchased services, personnel expenses, depreciation and rental and lease expenses for the production areas. The increase in cost of sales was the result of the significantly higher volume of business. Cost of sales also includes €4,804 million (2010: €4,190 million) of research and development expenses as well as gains or losses from hedging activities conducted by the industrial business segment.

Selling expenses mainly include purchased services such as for advertising and marketing, personnel expenses, commission, shipping costs, rental and lease expenses of the sales organization, and reflect the expansion of business activities.

General administrative expenses primarily comprise purchased services such as IT costs, personnel expenses, fees for expertise and consulting, and rental and lease expenses.

Other taxes and customs duties amounting to €83 million (2010: €83 million) are included within functional costs.

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

3.16

Income/expense from investments in subsidiaries and associated companies, net

	2011	2010
In millions of euros		
Income from profit and loss transfer agreements	1,708	1,771
thereof Daimler Vermögens- und Beteiligungsgesellschaft mbH	1,327	1,527
thereof Mercedes-Benz Accessories GmbH	219	170
Expenses from loss assumptions	-107	-215
Income from subsidiaries	1,834	2,391
Income from associated companies	25	21
Impairment of investments in subsidiaries and associated companies	-225	-664
Write-ups on investments in subsidiaries and associated companies	127	173
Gains on disposals of investments in subsidiaries and associated companies	17	292
Losses on disposals of investments in subsidiaries and associated companies	-1	-15
	3,378	3,754

3.17

Interest income/expense, net

	2011	2010
In millions of euros		
Income from other securities and loans of financial assets	18	12
thereof from subsidiaries	16	11
Other interest and similar income	1,692	1,620
thereof from subsidiaries	794	883
Interest and similar expenses	-2,896	-2,285
thereof to subsidiaries	-796	-908
	-1,186	-653

15 Other operating income

Other operating income of €1,619 million (2010: €1,439 million) consists mainly of income from supplying other goods and services, cost reimbursements, insurance compensation received, rent and lease income and income from subsidies.

Other operating income includes €635 million (2010: €661 million) of income assignable to other financial periods and relates mostly to income from the release of provisions and of accruals and deferrals, income from insurance compensation received and income from disposals of non-current assets.

Income from the currency translation of trade receivables and payables amounted to €132 million in 2011 (2010: €84 million).

16 Other operating expenses

Other operating expenses of €310 million (2010: €516 million) primarily comprise expenses for allocations to provisions for litigation and liability risks and expenses for donations and foundations.

Other operating expenses include €32 million (2010: €43 million) of expenses attributable to other financial periods. These expenses are mostly related to disposals of non-current assets and write-offs of other receivables.

Expense from the currency translation of trade receivables and payables amounted to €81 million in 2011 (2010: €84 million).

17 Income/expense from investments in subsidiaries and associated companies, net ↗3.16

The decrease in net income from investments in subsidiaries and associated companies is mainly due to lower income from subsidiaries. This includes in particular distributions from Mercedes-Benz do Brasil Ltda. (€558 million), Mercedes-Benz (China) Ltd. (€153 million) and Mercedes-Benz South Africa (Pty) Ltd. (€146 million).

Income from profit and loss transfer agreements hardly changed compared with the prior year. The loss assumptions were mainly from EvoBus GmbH.

18 Interest income/expense, net ↗3.17

In order to improve the clarity of presentation, for the first time in 2011, all earnings components of the Pension Trust special asset are grouped together under interest income/expense, net. The components of the Pension Trust special asset that were hitherto presented under other financial income/expense, net and under interest income/expense, net are offset against the interest component of retirement pension obligations. For comparability with the prior year, the prior-year figures have also been adjusted, pursuant to Section 265 of the German Commercial Code (HGB).

The interest component of the retirement benefit obligation amounts to an expense of €669 million (2010: €838 million), while the development of plan assets resulted in an expense of €150 million (2010: income of €614 million). The discounting of provisions with a remaining term to maturity of more than one year results in an interest expense of €264 million (2010: €253 million).

19 Other financial income/expense, net

Other financial income of €87 million (2010: expense of €139 million) relates to the measurement of derivative financial instruments used to hedge interest risks and foreign currency risks from the Group's financing. ↗3.18

20 Income taxes

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

The income tax expense amounts to €701 million (2010: €462 million). It includes a tax expense of €1,016 million for 2011 and a tax benefit of €315 million for previous years (2010: expense of €29 million for previous years). The increase in the income tax expense compared with 2010 is primarily due to the improved earnings before financial income/expense. While tax loss carryforwards were utilized in line with statutory minimum taxation in 2010, it was possible to fully utilize the tax loss carryforwards in 2011.

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

21 Net income

Net income for financial year 2011 is €4,757 million. After a transfer to retained earnings of €2,378 million pursuant to Section 58 Subsection 2 of the German Stock Corporation Act (AktG), distributable profit amounts to €2,379 million.

3.18

Other financial income/expense, net

	2011	2010
In millions of euros		
Currency translation	28	9
Other income	131	11
Other expenses	-28	-97
	131	-77

Other Notes

3.19

Personnel expenses

	2011	2010
In millions of euros		
Wages and salaries	9,255	8,884
Social insurance contributions	1,496	1,491
Pension costs	250	117
	11,001	10,492

Employees

	2011	2010
Annual average numbers		
Hourly employees	83,206	82,762
Salaried employees	55,017	53,768
Trainees/apprentices/interns	9,479	9,229
Total (average for the year)	147,702	145,759
Total (at the end of the year)	148,651	145,796

3.20

Cost of materials

	2011	2010
In millions of euros		
Cost of raw materials, manufacturing supplies and purchased goods	42,983	38,347
Cost of purchased services	9,002	7,992
	51,985	46,339

3.21

Derivative financial instruments: Nominal value

	Dec. 31, 2011	Dec. 31, 2010
In millions of euros		
Foreign exchange contracts	32,831	30,373
Interest rate contracts	21,983	23,612
Commodity futures contracts	2,428	1,010
Equity option contracts	171	7
	57,413	55,002

Personnel expenses / Employees ↗3.19

Wages and salaries include direct labor, salaries, severance payments, holiday bonuses, special bonuses and changes in provisions for personnel expenses.

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

Pension costs comprise the components to be shown under functional costs pursuant to applicable law as well as the contributions to the German Pension Insurance Association.

Cost of materials

Cost of materials includes expenses for raw materials and manufacturing supplies as well as for purchased goods and services. ↗3.20

Derivative financial instruments and valuation units

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

The derivative financial instruments held by Daimler AG have the nominal values as shown in table ↗3.21 at the end of the reporting year and the prior year. The nominal values are the totals of the basic values of all purchase and sale contracts without netting off.

Of the derivative financial instruments held on the balance sheet date in a nominal amount of €57,413 million, financial instruments in a total amount of €38,612 million are placed in valuation units. Of that total, €27,683 million is accounted for by foreign exchange contracts, €9,716 million by interest rate contracts and €1,212 million by commodity futures contracts.

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

The book values and fair values of derivative financial instruments at the end of the reporting year and the prior year are shown in the table ↗3.22.

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

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

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

3.22

Derivative financial instruments: book value / fair value

		Dec. 31, 2011		Dec. 31, 2010
	Book value	Fair value	Book value	Fair value
In millions of euros				
Assets				
Foreign exchange contracts	358	242	376	526
Interest rate contracts	18	533	18	515
Commodity futures contracts	1	323	.	373
Equity option contracts	171	177	–	11
	548	1,275	394	1,425
Liabilities				
Foreign exchange contracts	-409	-1,425	-358	-976
Interest rate contracts	-50	-562	-170	-833
Commodity futures contracts	-88	-476	-9	-217
Equity option contracts	–	–	–	-4
	-547	-2,463	-537	-2,030
Balance	1	-1,188	-143	-605

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

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

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

Commodity futures contracts. Raw-material hedges outside the Group are combined into valuation units with opposing hedges within the Group. For raw-material hedges outside the Group that are not opposed by any corresponding hedges within the Group, to the extent that applicable statutory requirements can be fulfilled, commodity futures contracts are combined in valuation units (macro hedges) with the price-change effects of the future material purchases they are intended to hedge. To the extent that negative fair values from the valuation of hedges are opposed by positive price-change effects from the expected underlying transactions, they are not accounted for; in this case, the corresponding losses are recognized in profit and loss for the period when the price-change effects from the purchases of raw materials are recognized. Provisions are recognized for any amounts in excess of that. The hedging period is generally one to three years. Setting hedging rates lower than the planned material requirements and decreasing as time passes ensures that the future cash flows from the derivatives are covered to a high degree of certainty by opposing price-change effects of the hedged materials.

Contingent liabilities

Contingent liabilities relate to potential future events, the occurrence of which would lead to an obligation. At the balance sheet date, the contingent liabilities of Daimler AG were reviewed with consideration of available knowledge about the financial position, cash flows and profitability of business partners with regard to the risk situation. Daimler AG therefore assesses the risk of possible claims on all the listed obligations as unlikely. At December 31, 2011, contingent liabilities amount to €41,178 million (2010: €35,323 million), primarily consisting of guarantees. They include guarantees to domestic and foreign subsidiaries amounting to €40,869 million (2010: €34,967 million), which primarily comprise guarantees provided to creditors of subsidiaries of Daimler AG, for example for loans they have taken out and bonds they have issued and liabilities to banks.

Guarantees were issued for the benefit of third parties with a total amount of €309 million (2010: €268 million). Thereof a payment guarantee exists in an amount of €105 million that was provided in the context of a 45% equity interest in Toll Collect GmbH. A payment guarantee in an amount of €155 million (US$200 million) exists in favor of the Pension Benefit Guaranty Cooperation from the pension obligations of the Chrysler companies.

Other financial liabilities

Other financial liabilities total €17,450 million (thereof due in 2012: €10,995 million). Financial liabilities to subsidiaries amount to €6,882 million (thereof due in 2012: €3,438 million).

In connection with vehicle sales and leasing, obligations to take back vehicles exist in an amount of €3,674 million (thereof €1,250 million in 2012). Such obligations to subsidiaries amount to €2,548 million (thereof €800 million in 2012).

Other financial liabilities resulting from rental and leasing agreements amount to €2,414 million (thereof due in 2012: €953 million). Other financial liabilities include guarantees to subsidiaries amounting to €1,564 million (thereof due in 2012: €758 million). Rental obligations towards the property management company Grundstücksverwaltungsgesellschaft Mercedes-Benz AG & Co. OHG amount to €1,215 million (thereof due in 2012: €595 million).

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

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

Subsidiaries and associated companies. Most of the goods and services supplied within the ordinary course of business between Daimler AG and related parties comprise transactions with subsidiaries and associated companies and are included in table ↗3.23.

In connection with a 45% equity interest of the Daimler Group in Toll Collect GmbH, Daimler has issued a guarantee that is not included in the table ↗3.23.

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

Legal proceedings

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

3.23

Business between Daimler AG and related parties

	Subsidiaries	Associated companies
In millions of euros		
Sales of goods and services and other income in 2011	9,336	2,804
Purchases of goods and services and other expenses in 2011	2,713	333
Receivables at December 31, 2011	2,921	853
Payables at December 31, 2011	1,138	47

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

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

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

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

In addition, a Russia-based subsidiary, Mercedes-Benz Russia SRO (MB Russia), and a Germany-based subsidiary, Daimler Export and Trade Finance GmbH (ETF), each entered into plea agreements with the DOJ with a three-year probation period under which they pleaded guilty to: (i) conspiracy to violate the anti-bribery provisions of the FCPA, and (ii) violating the anti-bribery provisions of the FCPA. Under their respective plea agreements, the Court sentenced MB Russia to pay a criminal fine of US$27.36 million and sentenced ETF to pay a criminal fine of US$29.12 million. These amounts were deducted from the maximum fine Daimler AG agreed to pay (US-$93.6 million).

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

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

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

The DOJ and Daimler AG are speaking about a possible extension of the term of the Deferred Prosecution Agreement to align the Deferred Prosecution Agreements' provisions more closely with the Monitor's review period and to provide Daimler with additional time to improve the sustainability of its compliance systems.

On August 17, 2009, the Official Committee of Unsecured Creditors of OldCarCo LLC (formerly Chrysler LLC) filed a lawsuit with the United States Bankruptcy Court, Southern District of New York, against Daimler AG, Daimler North America Corporation and others. The Committee has been substituted by the Liquidation Trust, which claims unspecified damages based on theories of constructive fraudulent transfer and other legal theories, alleging that the consideration received in certain transactions effected in connection with the investment by Cerberus in Chrysler LLC was not fair consideration. Daimler has successfully submitted miscellaneous legal defense arguments so that the Bankruptcy Court dismissed all claims with prejudice as of 12th May 2011. The appeal of the Liquidation Trust lead to a confirmation of the Bankruptcy Court's decision by the United States District Court of the Southern District of New York. Daimler still considers these claims and allegations of the Liquidation Trust to be without merit and will continue to defend itself vigorously in the next legal instance.

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

- lost revenue of €3.33 billion for the period September 1, 2003 through December 31, 2004 plus interest at 5% per annum over the respective base rate since submission of claims (amount as of November 21, 2010 at €1.4 billion),
- and contractual penalties of approximately €1.65 billion through July 31, 2005 plus interest at 5% per annum over the respective base rate since submission of claims (amount as of November 21, 2010 at €282 million),
- plus refinancing costs of €115 million.

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

Legal proceedings are subject to many uncertainties and Daimler cannot predict the outcome of individual matters with assurance. The Company establishes provisions in connection with pending or threatened proceedings if a loss is probable and can be reasonably estimated. Since these provisions, which are reflected in the financial statements, represent estimates, it is reasonably possible that the resolution of some of these proceedings could require us to make payments in excess of the amounts accrued in an amount or range of amounts that could not be reasonably estimated on December 31, 2011. It is also reasonably possible that the resolution of some of the proceedings for which provisions could not be made may require the Company to make payments in an amount or range of amounts that could not be reasonably estimated on December 31, 2011. Although the final resolution of any such proceedings could have a material effect on Daimler's operating results and cash flows for a particular reporting period, Daimler believes that it should not materially affect its financial position.

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

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

Board of Management remuneration. The total remuneration granted to the members of the Board of Management of Daimler AG is calculated as the total of the amounts of
- the base salary,
- the half of the annual bonus payable in 2012,
- the half of the medium-term share-based component of the annual bonus payable in 2013 with its value at balance sheet date (entitlement depending on the development of Daimler's share price compared with an automotive index – Auto-STOXX),
- the value of the long-term share-based remuneration at the time when granted in February 2011 (Performance Phantom Share Plan – PPSP),
- and taxable non-cash benefits.

For both of the share-based components – the second 50% of the annual bonus and the long-term PPSPs – the amounts actually paid out can deviate significantly from the values described depending on the development of the Daimler share price and on the achievement of the relevant target parameters. Further information on share-based remuneration is provided on pages 16 and 17.

In 2011, €7.4 million was fixed, that is, non-performance-related remuneration (2010: €4.8 million), €12.8 million was variable, that is, short- and medium-term performance-related remuneration (2010: €13.5 million) and €8.8 million was variable performance-related remuneration granted in 2011 with a medium- and long-term incentive effect (2010: €7.5 million). This adds up to a total of €29.0 million for 2011 (2010: €25.8 million).

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

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

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

This capital component comprises an amount equal to 15% of the sum of the Board of Management member's fixed base salary and the annual bonus that was actually achieved (50% + 50%), multiplied by an age factor equivalent to a certain rate of return, at present 6% (Wolfgang Bernhard and Wilfried Porth: 5%). In accordance with the regulations in force at Daimler AG, pension capital is only granted until the age of 60. The benefit from the pension plan is payable to surviving Board of Management members upon retirement at or after the age of 60, or as a disability pension upon retirement before the age of 60 due to disability.

Payment can be made in three ways:
- in a single amount;
- in 12 annual installments, whereby interest is paid on each partial amount until it is paid out;
- as a pension with or without benefits for surviving dependents, with an annual increase (see above).

The contracts specify that if a Board of Management member passes away before retirement, the spouse and/or dependent children is/are entitled to the full committed amount; if a Board of Management member passes away after retirement, in the case of payment of 12 annual installments the legal heirs are entitled to the remaining present value and in the case of a pension with benefits for surviving dependents the spouse and/or dependent children is/are entitled to 60% of the remaining cash value.

Departing Board of Management members receive, for the period beginning after the end of the original service period, payments in the amounts of the pension commitments granted as described in the previous section, as well as the use of a company car, in some cases for a defined period. These payments are made until the age of 60, possibly reduced due to other sources of income, and are subject to the aforementioned annual increases.

The following details of retirement benefits have been calculated with consideration of the parameters used to calculate the pension obligation. The service cost of the pension obligation in 2011 was €2.2 million (2010: €1.9 million). The present value of the total obligation at December 31, 2011 was €53.5 million (2010: €48.2 million). Taking age and years of service into consideration, the individual pensions, service costs and present values are as shown in table ↗3.24.

3.24

Annual pension, service cost and present value of obligations per board member

	Annual pension (as regulated until 2005) as of age 60		Service cost (for pension and pension capital)		Present value of obligations (for pension and pension capital)	
	2011	2010	2011	2010	2011	2010
In thousands of euros						
Dr. Dieter Zetsche	1,050	1,050	777	717	28,012	25,574
Dr. Wolfgang Bernhard	–	–	230	161	676	402
Wilfried Porth	156	156	136	119	4,010	3,614
Andreas Renschler	250	250	272	245	6,611	5,944
Bodo Uebber	275	275	450	400	5,968	5,200
Prof. Dr. Thomas Weber	300	300	297	272	8,199	7,424
Total	2,031	2,031	2,162	1,914	53,476	48,158

Dr. Hohmann-Dennhardt has no entitlement to retirement benefits provided by the Company.

No severance payments are foreseen for Board of Management members in the case of early termination of their service contracts. Solely in the case of early termination of a service contract by mutual consent, Board of Management service contracts include a commitment to payment of the base salary and provision of a company car until the end of the original service period. Such persons are only entitled to payment of the performance-related component of remuneration pro rata for the period until they leave the Company. Entitlement to payment of the performance-related component of remuneration with a long-term incentive effect is defined by the exercise conditions specified in the respective plans. In the case of early termination of service by mutual consent, the total of the payments described above including fringe benefits is limited, to the extent that they are subject to the regulations of the German Corporate Governance Code on the so-called severance-payment cap, to double the annual remuneration and may not exceed the total remuneration for the remaining period of the service contract.

Payments made in 2011 to former members of the Board of Management of Daimler AG and their survivors amounted to €13.9 million (2010: €17.5 million). Pension obligations for former members of the Board of Management and their survivors amounted to €187.7 million at December 31, 2011 (2010: €193.9 million).

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

Supervisory Board remuneration. Remuneration for all the activities of the members of the Supervisory Board of Daimler AG amounted to €3.0 million in 2011 (2010: €2.7 million). The remuneration of the members of the Supervisory Board does not include a performance-related variable component.

In 2010 and 2011, no remuneration was paid to the members of the Supervisory Board for services provided personally beyond the board and committee activities, in particular for advisory or agency services. The members of the Supervisory Board receive solely remuneration payable in the short term, with the exception of the remuneration and other benefits paid to the members of the Supervisory Board representing the employees in accordance with their contracts of employment.

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

Disclosures according to Section 160 Subsection 1 No. 8 of the German Stock Corporation Act (AktG)

At the balance sheet date of December 31, 2011, shareholdings in the Company exist that were communicated pursuant to Section 21 Subsection 1 of the German Securities Trading Act (WpHG) and disclosed pursuant to Section 26 Subsection 1 of the WpHG as follows:

"(1) The **Government of the Emirate of Abu Dhabi**, Abu Dhabi, United Arab Emirates, has notified us on October 11, 2011 pursuant to section 21 (1) WpHG that its voting rights in Daimler AG fell below the threshold of 5% on July 8, 2011 and amounted to 4.99998% of the voting rights of Daimler AG (53,298,274 voting rights) as per this date all of which are attributed to the Government of the Emirate of Abu Dhabi pursuant to section 22 (1) sentence 1 no. 1 WpHG. The voting rights that are attributed to the Government of the Emirate of Abu Dhabi are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Daimler AG amounts to 3% each or more: (a) International Petroleum Investment Company PJSC; (b) Aabar Investments PJS; (c) Aabar Europe Holdings GmbH (formerly Gutiba Beteiligungsverwaltungs GmbH); (d) Aabar Automotives GmbH (formerly Semare Beteiligungsverwaltungs GmbH).

(2) International Petroleum Investment Company PJSC, Abu Dhabi, United Arab Emirates, has notified us on October 11, 2011 pursuant to section 21 (1) WpHG that its voting rights in Daimler AG fell below the threshold of 5% on July 8, 2011 and amounted to 4.99998% of the voting rights of Daimler AG (53,298,274 voting rights) as per this date all of which are attributed to International Petroleum Investment Company PJSC pursuant to section 22 (1) sentence 1 no. 1 WpHG. The voting rights that are attributed to International Petroleum Investment Company PJSC are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Daimler AG amounts to 3% each or more: (a) Aabar Investments PJS; (b) Aabar Europe Holdings GmbH (formerly Gutiba Beteiligungsverwaltungs GmbH); (c) Aabar Automotives GmbH (formerly Semare Beteiligungsverwaltungs GmbH).

(3) Aabar Investments PJS, Abu Dhabi, United Arab Emirates, has notified us on October 11, 2011 pursuant to section 21 (1) WpHG that its voting rights in Daimler AG fell below the threshold of 5% on July 8, 2011 and amounted to 4.99998% of the voting rights of Daimler AG (53,298,274 voting rights) as per this date all of which are attributed to Aabar Investments PJS pursuant to section 22 (1) sentence 1 no. 1 WpHG. The voting rights that are attributed to Aabar Investments PJS are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Daimler AG amounts to 3% each or more: (a) Aabar Europe Holdings GmbH (formerly Gutiba Beteiligungsverwaltungs GmbH); (b) Aabar Automotives GmbH (formerly Semare Beteiligungsverwaltungs GmbH).

(4) Aabar Europe Holdings GmbH (formerly Gutiba Beteiligungsverwaltungs GmbH), Vienna, Austria, has notified us on October 11, 2011 pursuant to section 21 (1) WpHG that its voting rights in Daimler AG fell below the threshold of 5% on July 8, 2011 and amounted to 4.99998% of the voting rights of Daimler AG (53,298,274 voting rights) as per this date all of which are attributed to Aabar Europe Holdings GmbH pursuant to section 22 (1) sentence 1 no. 1 WpHG. The voting rights that are attributed to Aabar Europe Holdings GmbH are held via Aabar Automotives GmbH (formerly Semare Beteiligungsverwaltungs GmbH) which is controlled by it and whose attributed proportion of voting rights in Daimler AG amounts to 3% or more.

(5) Aabar Automotives GmbH (formerly Semare Beteiligungsverwaltungs GmbH), Vienna, Austria, has notified us on October 11, 2011 pursuant to section 21 (1) WpHG that its voting rights in Daimler AG fell below the threshold of 5% on July 8, 2011 and amounted to 4.99998% of the voting rights of Daimler AG (53,298,274 voting rights) as per this date."

"1. **BlackRock, Inc.**, New York, NY, USA, has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG exceeded the threshold of 5% on August 11, 2011, and amounts to 5.72% (61,006,517 voting rights) as per this date. Of these voting rights 5.72% (61,006,517 voting rights) are to be attributed to BlackRock, Inc. pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG.

2. BlackRock Holdco 2, Inc., Wilmington, Delaware, USA, has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG exceeded the threshold of 5% on August 11, 2011, and amounts to 5.55% (59,201,180 voting rights) as per this date. Of these voting rights 5.55% (59,201,180 voting rights) are to be attributed to BlackRock Holdco 2, Inc. pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG.

3. BlackRock Financial Management, Inc., New York, NY, USA, has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG exceeded the threshold of 5% on August 11, 2011, and amounts to 5.55% (59,201,180 voting rights) as per this date. Of these voting rights 5.55% (59,201,180 voting rights) are to be attributed to BlackRock Financial Management, Inc. pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG.

4. BlackRock International Holdings Inc., New York, NY, USA, has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG exceeded the threshold of 3% on August 11, 2011, and amounts to 3.48% (37,108,277 voting rights) as per this date. Of these voting rights 3.48% (37,108,277 voting rights) are to be attributed to BlackRock International Holdings Inc. pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG.

5. BR Jersey International Holdings L.P., St Helier, Jersey, UK, has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG exceeded the threshold of 3% on August 11, 2011, and amounts to 3.48% (37,108,277 voting rights) as per this date. Of these voting rights 3.48% (37,108,277 voting rights) are to be attributed to BR Jersey International Holdings L.P. pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG.

6. BlackRock Advisors Holdings, Inc., New York, NY, USA, has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG exceeded the threshold of 3% on August 11, 2011, and amounts to 3.64% (38,851,388 voting rights) as per this date. Of these voting rights 3.64% (38,851,388 voting rights) are to be attributed to BlackRock Advisors Holdings, Inc. pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG."

"1. **Société Générale S.A.**, Paris, France, has notified us pursuant to section 21 (1) WpHG (German Securities Trading Act) that its percentage of voting rights in Daimler AG fell below the threshold of 3% on June 13, 2011 and amounts to 2.79% (29,715,538 voting rights) as per this date. Of these voting rights, 2.52% (26,832,096 voting rights) are to be attributed to Société Générale S.A. pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG.

2. Lyxor Asset Management S.A., Paris, France, has notified us pursuant to section 21 (1) WpHG (German Securities Trading Act) that its percentage of voting rights in Daimler AG fell below the threshold of 3% on June 13, 2011 and amounts to 2.52% (26,832,096 voting rights) as per this date. Of these voting rights, 2.52% (26,832,096 voting rights) are to be attributed to Lyxor Asset Management S.A. pursuant to section 22 (1) sentence 1 no. 6 in connection with sentence 2 WpHG.

3. Lyxor International Asset Management S.A., Paris, France, has notified us pursuant to section 21 (1) WpHG (German Securities Trading Act) that its percentage of voting rights in Daimler AG fell below the threshold of 3% on June 13, 2011 and amounts to 2.52% (26,832,096 voting rights) as per this date. Of these voting rights, 2.52% (26,832,096 voting rights) are to be attributed to Lyxor International Asset Management S.A. pursuant to section 22 (1) sentence 1 no. 6 WpHG."

"1. **Société Générale S.A.**, Paris, France, has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG exceeded the threshold of 3% on May 19, 2011, and amounts to 3.87% (41,193,559 voting rights) as per this date. Of these voting rights 3.26% (34,725,203 voting rights) are to be attributed to Société Générale S.A. pursuant to Article 22 (1) sentence 1 no. 6 in connection with sentence 2 of the German Securities Trading Act (WpHG).

2. Lyxor Asset Management S.A., Paris, France, has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG exceeded the threshold of 3% on May 19, 2011, and amounts to 3.26% (34,725,203 voting rights) as per this date. Of these voting rights 3.26% (34,725,203 voting rights) are to be attributed to Lyxor Asset Management S.A. pursuant to Article 22 (1) sentence 1 no. 6 in connection with sentence 2 of the German Securities Trading Act (WpHG).

3. Lyxor International Asset Management S.A., Paris, France, has notified us pursuant to section 21 (1) German Securities Trading Act (WpHG) that its percentage of voting rights in Daimler AG exceeded the threshold of 3% on May 19, 2011, and amounts to 3.26% (34,725,203 voting rights) as per this date. Of these voting rights 3.26% (34,725,203 voting rights) are to be attributed to Lyxor International Asset Management S.A. pursuant to Article 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG)."

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

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

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

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

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

1. We should hereby like to inform you pursuant to Section 21 Subsection 1 and Section 24 of the WpHG that the percentage holding of the voting rights of BlackRock Financial Management, Inc. in Daimler AG exceeded the threshold of 3% on December 1, 2009 and amounts to 3.78% (40,118,914 voting shares) on that day.

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

2. We should hereby like to inform you pursuant to Section 21 Subsection 1 and Section 24 WpHG that the percentage holding of the voting rights of BlackRock Holdco 2, Inc. in Daimler AG exceeded the threshold of 3% on December 1, 2009 and amounts to 3.78% (40,118,914 voting shares) on that day.

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

3. We should hereby like to inform you pursuant to Section 21 Subsection 1 and Section 24 WpHG that the percentage holding of the voting rights of BlackRock, Inc. in Daimler AG exceeded the threshold of 3% on December 1, 2009 and amounts to 3.90% (41,372,761 voting shares) on that day.

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

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

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

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

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

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

Declaration of Compliance with the German Corporate Governance Code

The mandatory statement pursuant to Section 161 of the German Stock Corporation Act (AktG) has been issued by the Board of Management and the Supervisory Board and is permanently accessible on www.daimler.com/dai/gcgc.

Members of the Board of Management and their mandates

Members of the Board of Management	Supervisory Board Memberships/Directorships
Dr.-Ing. Dieter Zetsche Stuttgart Chairman of the Board of Management Daimler AG/ Head of Mercedes-Benz Cars Appointed until December 2013	*Internal Directorships* None *External Directorships* RWE AG
Dr. Wolfgang Bernhard Stuttgart Manufacturing and Procurement Mercedes-Benz Cars & Mercedes-Benz Vans Appointed until February 2013	*Internal Directorships* Beijing Benz Automotive Co., Ltd. Mercedes-Benz South Africa (PTY) Ltd. *External Directorships* Österreichische Industrieholding AG (ÖIAG)
Dr. Christine Hohmann-Dennhardt Stuttgart Integrity and Legal Affairs (since February 16, 2011) Appointed until February 2014	*Internal Directorships* None *External Directorships* None
Wilfried Porth Stuttgart Human Resources & Labor Relations Director Appointed until April 2017	*Internal Directorships* Daimler Financial Services AG *External Directorships* EADS Participations B.V. European Aeronautic Defence and Space Company EADS N.V.
Andreas Renschler Stuttgart Daimler Trucks Appointed until September 2013	*Internal Directorships* Daimler Financial Services AG EvoBus GmbH – Chairman Mitsubishi Fuso Truck and Bus Corporation *External Directorships* Deutsche Messe AG Tognum AG – Chairman
Bodo Uebber Stuttgart Finance & Controlling/ Daimler Financial Services Appointed until December 2014	*Internal Directorships* Mercedes-Benz Bank AG Daimler Financial Services AG – Chairman Daimler Luft- und Raumfahrt Holding AG – Chairman *External Directorships* Bertelsmann AG Dedalus GmbH & Co. KGaA EADS Participations B.V. – Chairman European Aeronautic Defence and Space Company EADS N.V. – Chairman
Prof. Dr.-Ing. Thomas Weber Stuttgart Group Research & Mercedes-Benz Cars Development Appointed until December 2013	*Internal Directorships* MB-technology GmbH – Chairman Mercedes-AMG GmbH Mercedes-Benz HighPerformanceEngines Ltd. – Chairman Mercedes-Benz Grand Prix Ltd. – Chairman *External Directorships* None

Members of the Supervisory Board and their mandates

Members of the Supervisory Board	Supervisory Board Memberships/Directorships
Dr. Manfred Bischoff Munich Chairman of the Supervisory Board of Daimler AG	Fraport AG Royal KPN N.V. SMS GmbH – Chairman UniCredit S.p.A. Voith GmbH – Chairman
Erich Klemm* Sindelfingen Chairman of the General Works Council, Daimler Group and Daimler AG; Deputy Chairman of the Supervisory Board of Daimler AG	
Dr. Paul Achleitner Munich Member of the Board of Management of Allianz SE	Bayer AG RWE AG Allianz Investment Management SE – Chairman Allianz Global Investors AG
Sari Baldauf Helsinki Former Executive Vice President and General Manager of the Networks Business Group of Nokia Corporation	Hewlett-Packard Company F-Secure Corporation Fortum OYj – Chairwoman
Dr. Clemens Börsig Frankfurt am Main Chairman of the Supervisory Board of Deutsche Bank AG	Linde AG Bayer AG Emerson Electric Co.
Prof. Dr. Heinrich Flegel* Stuttgart Director Research Materials, Lightweight Design and Manufacturing, Daimler AG; Chairman of the Management Representative Committee, Daimler Group	
Dr. Jürgen Hambrecht Ludwigshafen Former Chairman of the Board of Executive Directors of BASF SE	Deutsche Lufthansa AG Fuchs Petrolub AG – Chairman Trumpf GmbH + Co. KG
Petraea Heynike Vevey Former Executive Vice President of the Executive Board of Nestlé S.A. (since April 13, 2011)	
Jörg Hofmann* Stuttgart German Metalworkers' Union (IG Metall), District Manager, Baden-Württemberg	Robert Bosch GmbH Heidelberger Druckmaschinen AG
Dr. Thomas Klebe* Frankfurt am Main General Counsel of the German Metalworkers' Union (IG Metall)	Daimler Luft- und Raumfahrt Holding AG ThyssenKrupp Materials International GmbH
Gerard Kleisterlee Amsterdam Former President and CEO of Royal Philips Electronics N.V.	Vodafone Group Plc. – Chairman De Nederlandsche Bank N.V. Royal Dutch Shell Plc. Dell Inc.

* Representative of the employees

Members of the Supervisory Board	Supervisory Board Memberships/Directorships
Jürgen Langer* Frankfurt am Main Chairman of the Works Council of the Frankfurt/Offenbach Dealership, Daimler AG	
Ansgar Osseforth* Sindelfingen Manager Mercedes-Benz Research and Development; Member of the Works Council, Sindelfingen Plant, Daimler AG (until November 30, 2011)	
Valter Sanches* São Paulo Secretary of International Relations of Confederação Nacional dos Metalúrgicos/CUT	
Stefan Schwaab* Gaggenau Vice Chairman of the General Works Council, Daimler Group and Daimler AG; Vice Chairman of the Works Council, Gaggenau Plant, Daimler AG	
Jörg Spies* Stuttgart Chairman of the Works Council, Headquarters, Daimler AG	
Lloyd G. Trotter Plainville Former Vice Chairman General Electric; President & CEO of the General Electric Group's Industrial Division; Managing Partner, Founder, GenNx360 Capital Partners	PepsiCo Inc. Textron Inc. syncreon Holdings Ltd. syncreon.US Holdings Inc. syncreon.US Inc.
Dr. h.c. Bernhard Walter Frankfurt am Main Former Spokesman of the Board of Management of Dresdner Bank AG	Bilfinger Berger SE – Chairman Deutsche Telekom AG Henkel AG & Co. KGaA
Uwe Werner* Bremen Chairman of the Works Council, Bremen Plant, Daimler AG	
Lynton R. Wilson Toronto Chairman of the Board of CAE Inc.; Chancellor of McMaster University	

* Representative of the employees

Retired from the Supervisory Board:

Dr. Manfred Schneider
Leverkusen
Chairman of the Supervisory Board of Bayer AG
(retired on April 13, 2011)

Committees of the Supervisory Board:

Committee pursuant to Section 27 Subsection 3 of the German Codetermination Act (MitbestG)
Dr. Manfred Bischoff – Chairman
Erich Klemm*
Dr. Jürgen Hambrecht
Dr. Thomas Klebe*

Presidential Committee
Dr. Manfred Bischoff – Chairman
Erich Klemm*
Dr. Jürgen Hambrecht
Dr. Thomas Klebe*

Audit Committee
Dr. h.c. Bernhard Walter – Chairman
Erich Klemm*
Dr. Clemens Börsig
Stefan Schwaab*

Nomination Committee
Dr. Manfred Bischoff – Chairman
Dr. Paul Achleitner
Sari Baldauf

* Representative of the employees

Statement of Investments in affiliated and related companies

pursant to Sections 285 and 313 of the German Commercial Code (HGB) in conjunction with Section 286 Subsection 3 Sentence 1 No. 1 of the German Commercial Code (HGB)

The statement of investments of Daimler AG pursuant to Sections 285 and 313 of the German Commercial Code (HGB), which is an integral part of the Company and Consolidated Financial Statements of Daimler AG, can be seen on Daimler's website at www.daimler.com/ir/reports.

Board of Management

Stuttgart, February 20, 2012

Dieter Zetsche

Wolfgang Bernhard

Christine Hohmann-Dennhardt

Wilfried Porth

Andreas Renschler

Bodo Uebber

Thomas Weber

Responsibility Statement

pursant to Section 37v Subsection 2 No. 3 of the German Securities Trading Act (WpHG) in conjunction with Section 264 Subsection 2 Sentence 3 and Section 289 Subsection 1 Sentence 5 of the German Commercial Code (HGB)

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

Stuttgart, February 20, 2012

Dieter Zetsche

Wolfgang Bernhard

Christine Hohmann-Dennhardt

Wilfried Porth

Andreas Renschler

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Thomas Weber

Auditors’ Report

(Translation)

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and its report on the position of the Company and the Group prepared by Daimler AG, Stuttgart, for the business year from January 1 to December 31, 2011. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company’s Board of Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

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

Our audit has not led to any reservations.

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

Stuttgart, February 20, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Meyer
Wirtschaftsprüfer

Zeitler
Wirtschaftsprüfer

Forward-looking statements:

This document contains forward-looking statements that reflect our current views about future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should" and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a worsening of the public debt crisis in the eurozone; a deterioration of our funding possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, industrial accidents and their effects on our sales, purchasing, production or financial services activities; 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 limits our ability to achieve prices as well as to adequately utilize our production capacities; price increases in fuel or raw materials; disruption of production due to shortages of materials, labor strikes, or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook of companies in which we hold a significant equity interest, most notably EADS; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending governmental investigations and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe in this Report. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made.

These documents represent the English translation of the German »Jahresabschluss« which is the sole authoritative version.

Daimler AG
Stuttgart, Germany
www.daimler.com
www.daimler.mobi