Speech by

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Content

Introduction

Dear Shareholders,
Shareholder Representatives,
Ladies and Gentlemen,

On behalf of the Board of Management and the employees of Daimler AG, I would like to add my welcome to this year's Annual Shareholders' Meeting. When we last met here just over a year ago, the "automotive world" was a different place: It seemed that Porsche was about to take over VW. Magna was going to acquire Opel. GM and Chrysler were about to be "KO'ed". And Toyota was considered the benchmark for quality.

Today – just 12 months and one Daimler Annual Shareholders' Meeting later – the picture has fundamentally changed: VW acquired Porsche, instead of the other way around. Opel is still part of GM. 75 percent of GM is now owned by the U.S. government. Chrysler is effectively controlled by Fiat. And Toyota's quality mystique has been damaged, to say the least. With regard to the latter, I would like to categorically distance myself from the ridicule that Toyota has endured from some quarters.

Still, all of the examples I've cited make one thing clear: The automotive industry is undergoing a far-reaching transformation. And there are two main reasons why this is happening: The first is the financial and economic crisis and the historically unprecedented contraction of markets worldwide that followed. The second involves our industry's repositioning as it prepares for the post-petroleum era. Manufacturers, suppliers, and new cooperation partners alike are preparing to meet the fundamentally changed demands of future mobility.

Of course, both developments are affecting our situation at Daimler. It is true that, unlike some of the other automakers I mentioned, the crisis never threatened our very existence. Nonetheless, the market collapse did make its mark on our results, especially in the first half of 2009.

More important for the long term is the good news that Daimler is extremely well positioned in the race to shape the future of the automobile. That's because we did *not* limit ourselves to simply trying to "somehow" keep our head above water during the crisis. Instead, we continued to do our strategic homework and laid important foundations for our post-crisis success. As much as auto markets clearly prevented us from achieving better results in 2009, we can still look ahead with confidence.

Following our Annual Press Conference about two months ago, the *Wall Street Journal* fittingly described our business outlook as follows – and I quote: "Daimler should be judged on its future, not its past – and its prospects look more promising than those of most rivals." End of quote.

So, what facts justify such an assessment? Ladies and gentlemen, I'd now like to answer that question in some detail. Basically, I'll focus on three themes:

- *First,* I will briefly review key developments in 2009 and their relevance to the present.
- *Second,* I'll briefly describe our current situation and expectations for the full-year 2010.
- *Finally*, I'll provide you with a somewhat more detailed look at our future goals, strategies and tools.

I. Review of 2009

Let's begin with a brief review of 2009 – a year in which many key automotive markets literally collapsed. Markets plummeted in some cases by 20 to 40 percent in countries where governments did not intervene to temporarily stimulate the demand for small cars. The downturn in truck markets was in certain instances even more dramatic.

1. Earnings situation and dividend

In this difficult environment, Daimler recorded annual revenues of 79 billion euros, a decline of approximately 20 percent compared with 2008. The impact on our earnings is well known: Mercedes-Benz Cars and Daimler Trucks recorded extensive full-year losses, even though Mercedes became profitable again in the third quarter of 2009.

Our vans, buses, and financial services operations were in the black for full-year 2009. However, these results could not offset the setbacks at our two biggest divisions. Group EBIT was correspondingly negative: Including special reporting items, it was minus 1.5 billion euros. EBIT from ongoing business – in other words, excluding special reporting items – was minus 0.8 billion euros. At minus 2.6 billion euros, the net profit was significantly lower. This was mainly due to a negative interest result related to the maintenance of a higher gross liquidity.
In addition, despite a pre-tax loss, we have incurred tax expenses. This is largely a result of necessary value adjustments of active latent taxes in association with our foreign subsidiaries.

In view of this unusual earnings situation, the Board of Management and the Supervisory Board have decided that Daimler will, by way of exception, not pay a dividend for 2009. This decision solely reflects last year's business situation. I don't expect any applause for this announcement. However, I can assure you that the decision was not an easy one. Before coming to our conclusion, we thoroughly and carefully weighed the pros and cons. Ultimately, the decision was clear.

According to German corporate and commercial law regulations, a dividend payout for 2009 would only have been possible if we had covered both the incurred losses and the funds for the dividend with Daimler AG's retained income. That, however, would have substantially restricted our freedom to act with regard to future dividend payments. We therefore decided to finance the 2009 shortfall with our much higher capital reserves. However, German corporate law does not allow for a dividend payment under such circumstances.

That was the situation, and I would like to emphasize once again that we would have decided differently had we not been firmly convinced that our course of action was necessary. It is also in the long-term interest of our shareholders, because it raises the dividend payment potential from our retained income in the years to come. We already plan to resume paying a dividend for the current year. The goal remains to achieve a payout ratio in the magnitude of 40 percent of net profit.

2. Positive trend in the second half of the year

Ladies and gentlemen, our workforce was not unscathed by the crisis. Many employees had to work short-time, although they are, fortunately, now doing so in rapidly diminishing numbers. Together with the Works Council, we also agreed to temporarily reduce the salaries of employees not subject to short-time work, while also cutting their working hours by a corresponding amount. The good news here is that these cuts will also be discontinued according to plan – two-and-a-half months hence.

Naturally, our entire management team was also affected by our cost-cutting measures – and in a disproportionate manner. In fact, the 2009 variable remuneration component was cut by more than two-thirds below the average yearly levels. In addition, base salaries were also reduced by up to 15 percent. This measure, like those affecting employees subject to collective bargaining agreements, will also end on June 30, 2010.

There's no need to explain why these cuts were as disappointing as canceled dividends. But they were just as necessary. There is one thing I'm very happy about, however. And it says a lot about our morale: Although many Daimler employees took home smaller paychecks, they actually rather "stepped on the gas" during the crisis. In my opinion, that's another thing that typifies Daimler! On behalf of the Board of Management, I would therefore like to express my heartfelt thanks to all our employees for their exemplary dedication during a difficult time!

Reducing personnel costs is, of course, only one component of effective crisis management. Still, what our people accomplished in 2009 was truly impressive: During the year, we significantly reduced our vehicle inventories at all divisions, substantially improved our cash flow, and increased our sales: In the fourth quarter of 2009, Mercedes was the fastest-growing and most profitable premium brand in the world.

We successfully launched the new E-Class model family. You can see its most recent addition – the convertible – right here in front of you. The S-Class, E-Class, and C-Class sedans were world market leaders in their segments in 2009. We also once again gave Mercedes "wings": The SLS AMG was the top highlight at the IAA Motor Show in Frankfurt last fall. And, of course, we have brought one of these vehicles to Berlin as well.

Sales of our trucks, vans, and buses also began picking up in the second half of the year. Although the absolute numbers remained low, in relative terms our commercial vehicles outperformed the competition in many cases. As far as costs and efficiency were concerned, we achieved Group-wide improvements of more than five billion euros. Moreover, we did so without cutting investment in our future. On the contrary – but I'll get to that later.

The review of 2009 shows a clear pattern. In the first half of the year, the market collapse hit Daimler with full force. But then our crisis management began to work – and we achieved a turnaround. We stopped the downward trend in the second quarter. We returned to profitability in the third quarter. We further improved our ongoing business operations in the fourth quarter. And of course we plan to – and will – step on the gas this year.

This brings me to our business developments in 2010 to date.

II. Current status and expectations for 2010

1. Mercedes-Benz Cars

Let's begin with Mercedes-Benz Cars. Worldwide, Group sales of the Mercedes-Benz brand rose almost 27 percent in the first quarter. In our biggest foreign market – the U.S. – we're the best-selling German premium brand. Moreover, in the world's most important market of the future – China – we increased sales by an impressive 136 percent so far this year. In view of these numbers, our global sales target for the year is ambitious, but realistic: We plan to grow at around double the rate of the global passenger car market in full-year 2010.

Unit sales aren't everything, however. Equally important is that the model mix improves. Larger models that generate higher margins are again gaining importance in the premium segment. And Mercedes has the right products with efficient drives to meet this renewed demand.

A good example is our new E-Class family with its four very attractive members: the sedan, the station wagon, the coupe, and the convertible. The E-Class has already "cleaned up" many awards: In a survey of *ADAC Motorwelt* readers, the sedan was voted "Germany's best-loved automobile." For readers of *Auto Motor Sport* the E-Class is "2010's best automobile." And as far as the readers of *AutoBILD* are concerned, the coupe is the "most attractive car in its segment." As the station wagon has only been available since the fall, and the convertible just hit showrooms a little less than three weeks ago, we expect sales of the complete E-Class model series to increase by about 50 percent compared to 2009.

Additional "earnings generators" will follow – even if these aren't very high-volume models in terms of absolute numbers. Vehicles like the CL and CLS, new versions of which we will introduce to the market this year, will also have good margins. The same applies to the SLS, which has only been available since the end of March. Despite its appropriate – but substantial – price, demand for this model has been so great that we've already practically sold out our production volume for 2010. Even more importantly as far as our EBIT is concerned, the S-Class is also doing well. Sales of the S-Class in the first quarter were more than two-thirds higher than in the same period last year. This achievement is even more impressive when you consider that BMW and Audi have both launched completely new competing products.

All of this illustrates that you can buck the trend on weak markets to some extent with strong products. At our Annual Press Conference eight weeks ago, we therefore announced that we expect Mercedes-Benz Cars to record EBIT of more than 1.5 billion euros for full-year 2010. And following our very good performance over the first three months, the emphasis is here clearly on the words "more than."

2. Daimler Trucks

Now, how do things look at Daimler Trucks?

Here too, the *trend* is positive – although in *absolute* terms, the markets remain weak. All the same, in the first quarter of 2010, our sales were eight percent higher than in the same quarter of the prior year.

The development in Southeast Asia and Latin America is especially encouraging – particularly in Brazil. There, sales in the first quarter were more than 80 percent higher than in the same quarter of 2009. In the long term, demand for commercial vehicles in Brazil will most likely rise as well. In order to extend our lead in this growth market, we are expanding our local production capacity by 15 percent to 75,000 units per year.

On a global scale, the development of incoming orders is encouraging. For example, between January and March Daimler Trucks received almost twice as many orders for trucks as in the first quarter of 2009. This upward trend will most likely continue throughout the rest of the year, especially as we will bring many new models to the market in 2010. At Mercedes-Benz Trucks the upgraded “Atego” and “Axor” models will boost sales. At Freightliner and Fuso there will be two new heavy-duty trucks, the “Coronado” and the “Super Great.” In addition, Fuso will be launching a complete new generation of light-duty trucks at the end of the year.

These are only examples, but they show that Daimler Trucks is about to launch a product offensive. In the next two years, we will launch some 140 new vehicles and powertrains around the world. As far as the current business year is concerned, we expect to see a slight increase in sales compared to 2009. In other words, we will be profitable. Our target for 2010 is to post EBIT of 200 million euros.

3. Mercedes-Benz Vans

The markets for vans remained weak in the first quarter of 2010. In Europe – our most important market by far – even fewer vans were registered than in the prior year. However, in this difficult market environment our performance stands up to comparison: For example, in February the Sprinter achieved a market share of around 20 percent, its highest ever. And our sales clearly improved compared with the corresponding period in 2009: In the first quarter, the increase was 62 percent. At Mercedes-Benz Vans we expect to see EBIT in the neighborhood of 250 million euros for the year as a whole.

4. Daimler Buses

Daimler Buses is still the world's biggest producer of buses over eight tons gross vehicle weight – and from today's perspective we will remain the most profitable bus producer in 2010. As with passenger cars, we want our bus sales to grow twice as fast as the world market this year. In the first quarter we sold 23 percent more buses and chassis than in the same quarter of the prior year. This growth is being driven primarily by our chassis sales in Latin America. All other markets are currently in decline. The EBIT of Daimler Buses could therefore remain at about 180 million euros in 2010.

5. Daimler Financial Services

At Daimler Financial Services, the development of new business and contract volume has been generally stable. We expect to build further momentum from measures such as an expansion of our insurance business. We also see additional potential in the pre-owned vehicle segment and in fleet management for small and midsized fleets. All in all, we expect Daimler Financial Services to post EBIT of at least 350 million euros in 2010.

6. The Group

On the basis of these contributions from the divisions, we expect the Group as a whole to post EBIT of more than 2.3 billion euros from its ongoing business operations in 2010. Generally speaking, however, we believe that Daimler has a much higher earning potential. It's true that the general economic recovery is still too fragile to permit us to specify a particular year at this point. But we remain committed in principle to achieving a nine percent return on sales in our automotive business – and that means in terms of the annual average throughout the market cycle.

III. Targets, strategies and tools for 2010+

How do we plan to reach this target? What strategy and what tools will we use?

1. The future of the automobile

The answers to these questions are wholly dependent on how we view the future of the automobile in general. *We* are convinced that the best days of the automobile are yet to come – not *despite* the fact that our sector is undergoing a major transformation but *because* of it. The world is moving toward “Automobile 2.0.” Many things that seemed to be permanently defined for nearly a century are likely to change in the coming 10 or 20 years.

That applies in particular to drive technologies: The amount of oil available to us is finite. Oil is becoming scarcer and more expensive – and its combustion contributes to global warming. Government emissions regulations are therefore becoming increasingly strict, customers are becoming more environmentally aware – and vehicles are becoming “more electric.” Ultimately, we want to drive in ways that generate zero grams of CO2 and zero grams of other pollutants, even though emissions will still be generated from a *well-to-wheel* point of view. Achieving this goal will still require a massive transformation. From a technological perspective, it will amount to a revolution, and its impact will extend far beyond the automotive industry.

There will also be a geographic transformation: The focus of market growth is continuing to shift toward the large “emerging markets” – and, in contrast to previous years, we are now no longer talking about mere possibilities. It's no longer the case that China *could* become the world's largest automotive market; China already *is* the largest automotive market. It's no longer the case that China *could* “perhaps” “one day” become the most important sales market for our S-Class; China *is* that already. Today there's no other country where we sell more units of our top sedan. We currently have a 40 percent market share in this segment. In general, the ongoing trend toward individual mobility has reached the large emerging markets.

As a result, the number of vehicles is also growing rapidly worldwide – and will continue to do so: Modern societies are in effect *based* on “self-determined mobility” – and economies based on a division of labor are even more dependent on it. As a result, there is no equivalent substitute for the automobile. Calls for austerity are condemned to fail on the global level. The only realistic alternative to the automobile is a better automobile – and Daimler is going to build it!

There's also a further aspect that plays an important role. Wherever there are people, there's also a need for social differentiation. And wherever this need exists, the automobile remains a primary means of fulfilling it. This isn't necessarily related to status in the sense of material success. An automobile or its brand can also symbolize environmental awareness, a practical orientation, or, conversely, a certain emotional style or aesthetic sensitivity.

Exactly *what* an automobile expresses is changing. But the fact *that* it expresses something in a very public way remains unchanged. You see the car, the brand, the driver – and you draw certain conclusions. In any case, an automaker that wants to build a “better” car has to address changing requirements in a differentiated way. And we’re doing that – with a consistent strategy that aims to provide our customers with nothing but the best.

2. Our pledge: to offer our customers the very best at all of our divisions

Of course "the best" is defined differently for premium sedans than it is for heavy-duty trucks. But whatever makes a vehicle "the best" compared to its competitors – that's what Daimler must offer. We have to be in the lead when it comes to the sum total of all relevant factors. Wherever we are not in the lead, we have to get there. And should we fail to achieve this *goal*, then in the long term – and I emphasize *long term* – we'll stop doing business there. That's our shared Daimler claim – and the core of our strategy.

I'd like to explain these comments more precisely in terms of three areas:
- products and brands,
- innovation and growth,
- and efficiency and team performance.

2.1 Products and brands

First of all, our claim to top performance must be manifested in our products and brands. With regard to Mercedes-Benz, the world's most valuable premium automotive brand, we apply the standard "The best or nothing." That was the pledge made by Gottlieb Daimler – and that's our guiding principle today. In the overall assessment of all the characteristics of a vehicle, a car bearing the Mercedes star must be the best vehicle in the market. Period.

Three brand values exemplify this pledge: perfection, fascination, and responsibility. They define the promise that Mercedes-Benz makes to its customers – for all of its vehicles, not just the "big" models. In fact, by the end of next year we will offer four models in our current A-Class and B-Class segment instead of the previous two. And each of these models will demonstrate that also a small Mercedes can thrill customers.

With our commercial vehicles we deliver on our promise of top performance primarily by offering our customers the best total cost of ownership. In terms of all costs associated with a vehicle, our commercial vehicles must offer customers the most economical complete solution. This equation includes a vehicle's fuel consumption, emissions, and reliability as well as its maintenance, financing, insurance, and other costs.

Of course, when we look at the details there are still considerable differences between the costs of heavy-duty, medium-duty, and light trucks – and the differences are even greater between trucks on the one hand and vans and buses on the other. Nonetheless, when all of these commercial vehicles come from Daimler they have one thing in common: They are "best in class." Our heavy-duty Actros truck is a good example of what I mean: In 2009 it was named "Truck of the Year" for the third time.

When it comes to financial services, top performance is again defined differently. But Daimler Financial Services also pledges to be the “best financing partner for its customers and dealers.” For example, according to the magazine *Automobilwoche*, customers in Germany receive better leasing and financing advice at Mercedes-Benz Bank than anywhere else.

2.2 Innovation and growth

I'd like to give you some more concrete examples – in the areas of innovation and growth.

2.2.1 New technologies

Today we employ almost 19,000 people in research and development all over the world. Their workplaces include the R&D center in Sindelfingen and locations in Palo Alto, California and Kawasaki, Japan. Every year we invest far more than four billion euros in research and development. That’s a lot of money – but it’s money well spent. We registered more than 2,000 new patents in 2009 alone. About a quarter of them were related to zero-emission mobility. All of this illustrates that when it comes to environmentally friendly products, we aim to play precisely *the* same role we have long played in safety: We want to be the technology leader.

Here too, we have a clear strategy for achieving our goal: We are optimizing our vehicles with internal combustion engines. As a supplementary measure, we are working on hybrid modules. And we are developing and producing fully electric vehicles that produce zero local emissions – regardless of whether they operate with battery-powered drive systems or fuel cells. We are making very good progress in all of these areas.

At Mercedes-Benz Cars, we want to offer our customers the most environmentally friendly vehicle in each segment. In 2009 alone, we reduced the average CO2 emissions of our passenger car fleet in Europe by 13 grams to 160 grams. In 2010 we will make further progress in this area, for example by producing a C-Class with 117 grams of CO2 emissions per kilometer and just 4.4 liters of fuel consumption per 100 kilometers, an E-Class with 129 grams of CO2 emissions per kilometer and only 4.9 liters of fuel consumption per 100 kilometers, and the most fuel-efficient S-Class of all time: a luxury sedan with a four-cylinder engine.

This year we will once again reduce the fuel consumption of our entire vehicle fleet. Contributing to this development will be our completely new six- and eight-cylinder family of engines, the “7G-Tronic” seven-speed automatic transmission with optimized fuel consumption, and the ECO start-stop function, which we will roll out for all Mercedes-Benz passenger cars, beginning this year.

In addition, hybrid technology is increasing in importance – and we already have more to offer in this area than most other automakers. The S 400 HYBRID and the ML 450 HYBRID are the best examples of that. In the course of the next S-Class generation, a plug-in hybrid S-Class that will consume only about three liters of fuel per 100 km and emit only 74 grams of CO2 per kilometer will follow. Put simply, we're going to build a luxury sedan that offers the fuel economy of a small car! At the Geneva Motor Show in March, we used our F 800 Style concept car to demonstrate the potential offered by the combination of an internal combustion engine and an electric motor. You can see the car here on the right side of the stage.

The fuel consumption of this upper-range sedan, which was also highly praised in Geneva for its design, is less than three liters per 100 km, thanks to the plug-in hybrid. That results in CO2 emissions of only 68 grams per kilometer. Starting in 2012 we will produce a new generation of electric motors for hybrid vehicles – here in Berlin, or, to be more precise, in the Mercedes plant in Berlin-Marienfelde. The development work is already under way. We will invest 20 million euros in this project. In other words, the Berlin plant will expand its product range by an important future-oriented technology.

Our portfolio of commercial vehicle models ranges from the Fuso Canter Eco Hybrid to Orion brand hybrid buses and the Mercedes-Benz Atego BlueTec Hybrid delivery truck, which is currently being tested by customers. Overall, our trucks are the cleanest in the world.

In the long run we aim to produce vehicles that are not just *partially* electric but *completely* electric. We will deliver e-smart models to an additional seven countries in 2010. We will also put two small-volume series on the road: the A-Class E-Cell and the B-Class with fuel cell drive. They will be followed by the first series-produced electric van.

Even though this kind of progress is very encouraging, it's still clear that the internal combustion engine will continue to play the leading role for some time to come. However, it's also true that sooner or later the time will be ripe for zero-emission drive systems – and that's what we are preparing for.

And the change won't be limited to the powertrain. The spread of electric mobility will change the entire automotive value chain. In the long run, electric driving will require a new employment structure, a new infrastructure, a new supplier structure, and, last but not least, a new competitive structure. This leads to a whole series of questions: What will a profitable business model look like in the future? Will potential earnings primarily come from the vehicles themselves? Or will a considerable part of the earnings also come from the services related to the electric vehicle?

These are huge changes. But we are taking them on systematically and with the highest priority. Daimler aims to be, and will be, a pioneer in the field of electric mobility. And I can assure you that when alternative drive systems go into mass production in a few years, we will be ahead of the competition. At the same time, the greater the challenges the lower the probability of dealing with them on our own. Let me explain what I mean.

For one thing, competition in the electric car market will also be defined by the general conditions set by political decision-makers. The German government aims to make this country the leading market for electric mobility. This is good policy. And the “electric automobile summit meeting” with Germany’s Chancellor in early May could be a first step in that direction. But it's equally clear that it has to be followed by subsequent steps. Political decision-makers must act in several areas including: promoting research and creating the necessary infrastructure, introducing international standards, and providing the right incentives for a market launch of electric vehicles. In general we need the support of political decision-makers in order to complete the transition to electric driving. Working together will make us stronger!

But this applies to more than politics. It’s also valid within the business community. That's why Daimler is counting on strong partners: We expect our stake in Tesla to provide us with the dynamism of an innovative start-up. Through our partnership with Evonik we are ensuring that we have direct access to lithium-ion technology. Together with RWE, Enel, and Linde we are forging ahead with the development of the necessary infrastructure. And our planned cooperation with BYD will open the gates to the Chinese mass market for electric vehicles – because in the short- and medium term it will offer the greatest potential for growth. Together with BYD we intend to develop and produce an electric vehicle that is tailor-made for major Chinese cities. We are building a technology center in China for this purpose. And we will create a new brand specifically to target and position this locally emission-free car in the Chinese market.

2.2.2 New markets

The partnership with BYD leads me to the more general topic of the BRIC countries: Brazil, Russia, India, and China. In 2009, the Chinese passenger car market alone was bigger than even the U.S. market! And when we aim to sell 1.5 million passenger cars of the Mercedes-Benz brand worldwide by 2015, this target is based on more than the product range expansion that I mentioned. It is also based to a large extent on the growth prospects in the major emerging markets. Above all, the potential of the Chinese market remains enormous – and our targets are correspondingly ambitious: This year we intend to sell more than 100,000 vehicles in China. We expect to gain considerable momentum from the extended-wheelbase version of the E-Class, which will be launched this summer.

The major emerging markets are almost even more important for the truck business. Russia, India, and China already account for more than 50 percent of the world market for medium and heavy-duty trucks – and we are positioning ourselves accordingly. The best example of that is still our strategic partnership with the Russian manufacturer Kamaz, which we further strengthened in 2010.

Kamaz has doubled its share of the Russian market for trucks over 14 tons gross vehicle weight since the end of 2008, from 28 to 56 percent. Meanwhile, Daimler and Kamaz have launched two joint ventures. They cover the import, production, and sale of Fuso trucks as well as the production of Mercedes-Benz trucks and the sale of Mercedes-Benz and Setra brand buses. We are also expanding our truck business in countries other than Russia. We are increasing our production capacity in Brazil, while in India we are currently building a new truck plant that will commence operations in 2012.

At the same time, we are increasing our bus sales in the Indian market. We have been active in the travel coach segment in India since 2008. In the medium term we also want to sell city buses in India. And in the same way that we are opening up new sales markets for our vehicles, we are also expanding the reach of our financial services. We've recently started up operations in the United Arab Emirates, and in China we are now the very first provider of automotive financial services to offer vehicle leasing.

2.2.3 New business ideas

Basically, we are also looking at a further area of growth: the fulfillment of newly developing customer needs. One outstanding example is our car2go project. I presented this idea to you last year: After a one-time registration process, customers can use a smart at any time on the spur of the moment. In Ulm, car2go has moved beyond the test phase, and the project was recently converted into its own GmbH company. The market launch of this project in other cities in Europe and North America will begin this year.

In the truck business we will, in the future, sell more engines without a vehicle – for agricultural applications, for example. We are systematically expanding our partnership with Tognum for this purpose. There is also additional growth potential in the services we offer as part of our truck business. More and more customers are expecting comprehensive services related to their trucks. The spectrum ranges from financing and leasing to fleet management and maintenance.

The maintenance business offers tremendous opportunities – particularly in weak markets: In places where fewer new trucks are being bought, people are investing more in the maintenance of older ones. That's one reason why we established our service brand “TruckWorks” in 2009. The range of services offered by Daimler Financial Services will also be expanded. For example, we are enhancing our range of insurance products, and we are taking advantage of the growth opportunities in the pre-owned vehicle business.

2.3 Efficiency and team performance

Ladies and gentlemen,
there is also a third category in which Daimler must and will set standards: We need to have a highly efficient business system supported by the best workforce in the industry. In 2009 we already boosted our baseline efficiency.

And we're keeping our eye on the ball: Among other things, we are making our sales organization much more effective. The approach is simple: get closer to the customer and reduce bureaucracy. The administrative costs for our sales activities will drop significantly by the end of next year. To this end, we are, for example, combining support functions such as reporting and logistics.

We are also moving ahead with our modular strategy for development and production. For example, we will base all four successor models of the A-Class and B-Class on a largely identical vehicle architecture – while simultaneously ensuring maximum product differentiation for our customers. For our truck operations, we have also defined a cross-brand modular system that will enable us to fully translate our size into economies of scale. In this way, we are exploiting our strength as a global manufacturer. At the same time, we plan to increase our common component rate in global truck production. This applies particularly to the powertrain, which is the most effective lever for improving the overall value chain.

Modularization also remains an important theme when it comes to electric drives – precisely *because* we still do not know with certainty which type of drive system will ultimately prevail. Our modular hybrid system therefore enables us to flexibly combine electric drives with gasoline and diesel engines. One example here is the E 300 BlueTEC HYBRID, which will hit the market in 2011. Our “e-Drive Modular System” allows us to equip all-electric vehicles with shared components, ranging from the electric motor, the battery, and the high-voltage safety concept to the high-voltage wiring system and software modules. Wherever possible, we also exploit synergy effects between passenger cars and commercial vehicles. That's why we use the same fuel cell system for the B-Class F-CELL and our fuel cell bus.

At the same time, we must also understand that if we wish to remain competitive around the globe, we need to bring our production activities closer to our growth markets. Beginning in 2014, we will therefore begin producing the C-Class *for* America *in* America – a step that will minimize exchange rate risks and optimize costs. In the same manner, the A-Class and B-Class successor generations will be built in Rastatt and in Hungary. These measures will save us around 200 million euros each year. Construction of our new plant in Kecskemét is proceeding on schedule and production will start there in 2012. We also plan to increase local production in *the* growth market par excellence: China. Our facility in Beijing has therefore already been designed to produce up to 100,000 units per year in the future.

While all of this progress is important, the fact remains that we cannot compensate for our unit volume deficits in some segments on our own. In those cases we look for the right partners. Exactly one week ago, we took a decisive strategic step in this direction by signing a cooperation agreement with Renault-Nissan. Basically, we will be cooperating with Renault-Nissan in four areas:

First, we will develop a single vehicle architecture for the Twingo and the smart. This architecture will serve as a common foundation for individual products. In this context, we will also offer the smart as a four-seat model, thereby enhancing smart's standing as a "young" brand offering practical and attractive urban vehicles.

Up to now, small four-cylinder engines have been missing from our passenger car program. And that brings me to the second area of cooperation: In the future, our small car models will be powered by engines that we will jointly develop with Renault. Here, I must clearly emphasize that also in partnerships, Mercedes will not – and I reiterate – will not tolerate any compromises to our claim "The best or nothing." For this reason, we will "Mercedize" the engines used in *our* vehicles from the very beginning. In other words, we will optimize them to ensure that they meet our customers' premium requirements. This might mean further reducing the fuel consumption or enhancing the performance of our gasoline engines. With regard to diesel engines, we might move toward an aluminum variant. For larger models, we can also envisage using such engines as range extenders in combination with an electric motor.

The third area of cooperation involves the development of a common architecture for small vans and thus the expansion of our van product portfolio. In addition, we will utilize a common powertrain for mid-size vans.

Last, but not least, we will supply large engines to Nissan and its premium Infiniti brand. In this way, we will be able to achieve additional economies of scale in this segment as well. To underscore the long-term orientation of our cooperation, we have agreed on a largely symbolical one-time cross-shareholding of slightly more than three percent. That concludes my necessarily brief summary of our cooperation with Renault-Nissan at the current time.

Together all these elements form a coherent strategy:
- We are sharpening our brand profiles.
- We are spearheading technological transformation.
- We are growing in the key markets.
- We are satisfying changing customer requirements.
- And we are boosting our efficiency.

In other words, we are consistently addressing all the key issues.
By doing our homework well, we have laid a solid foundation for the future.

In my view, this also encompasses the completion of the investigation by the U.S. Justice Department and the SEC that we already reported on back in 2004. Back in 2006 we began establishing an empowered compliance organization, which now has more than 140 employees. The Group's Chief Compliance Officer reports directly to me and our Supervisory Board.

In 2007 we further tightened our compliance guidelines. In short, we have zero tolerance for compliance violations. As part of the agreement with the Justice Department, we also established an independent controlling authority. To this end, former U.S. District Court Judge Louis Freeh will evaluate and document our compliance measures in the coming years. So, I'll add a special welcome to you as well, Mr. Freeh.

All of this illustrates that we got the message and act accordingly –
not only for legal but also for ethical reasons.

Let me now turn to another issue which is related to our identity as an international company that is very aware of its responsibilities: I'm referring here to our business dealings with Iran. It goes without saying that our business relationship with Iran has always been based on applicable laws. In view of the current political situation, we have, however, once again extensively reassessed this business relationship. As a result, we are restructuring our business activities with Iran. In concrete terms, this means that we will relinquish our 30 percent stake in the Iranian Diesel Engine Manufacturing company – a subsidiary of Iranian Khodro Diesel.

In Germany, we have also withdrawn our pending applications to export three-axle commercial vehicles for civilian use to Iran. Until further notice, we will completely refrain from delivering such vehicles to Iran. In general, our business activities with Iran will now be limited to meeting our existing contractual obligations and continuing our cooperation with established customers. I would like to take this opportunity to particularly stress that none of these measures are directed against the Iranian people. However, the policies of the current Iranian leadership have compelled us to put our business relationship with that country on a new footing. This is another example of how our management activities focus on corporate responsibility.

One thing is clear with regard to this and other issues: A company and its corporate values are only as strong as the people that back them up. Outstanding success can only be achieved with outstanding employees – and I'm not just paying lip service to this idea.

Two aspects are crucial for our human resources policy: retaining qualified employees - and successfully recruiting new talent. That's why we have taken on approximately 2,300 new trainees and are continuing with our young talent program for college graduates. That's why we have increased the number of women in management positions at our company and consistently expanded our daycare services for children less than three years old. And that's why we have launched new projects to further expand our multi award-winning health management system.

Today I'd also like to present to you another new project: our "Genius" initiative. You may have heard that even at the height of the crisis in mid-2009, Germany alone lacked up to 60,000 skilled workers. This figure will probably increase in the future – and that would have particularly negative consequences for a technology company like Daimler. We're addressing this threat at an early stage with our "Genius" initiative, which is designed to get children and youths interested in the natural sciences and technology. Together with the Ministry of Education and Cultural Affairs of the state of Baden-Württemberg, we plan to more firmly establish the teaching of mobility-related technological knowledge in the state's schools. Later on, we want to implement this project in other German states as well.

"Genius" is the latest – but by no means the only – example of how Daimler backs up its commitment to sustainable business operations with actions. And we reconcile economic, ecological, and social concerns.

Conclusion

Dear shareholders, ladies and gentlemen, I began my address today by talking about the developments that have changed the automotive industry since last year's Annual Shareholders' Meeting. Our industry will continue to experience change. However, I hope I've been able to give you an indication of why Daimler is excellently equipped to deal with these changes. Our situation "today" is better than it was "yesterday" – and there is every indication that it will be even better "tomorrow".

We are on the right track in terms of our products and brands, innovation, and growth. We are also on the right track when it comes to improving our returns and thus ensuring that you will once again be able to benefit from the associated profits. The transformation of the automotive industry is an opportunity for Daimler – and we will do everything to seize it.

Thank you very much!

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This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including a lack of further improvement or a renewed deterioration of global economic conditions, in particular a renewed decline of consumer demand and investment activity in Western Europe or the United States, or a downturn in major Asian economies; a continuation or worsening of the tense situation in the credit and financial markets, which could result in a renewed increase in borrowing costs or limit our funding flexibility; changes in currency exchange rates or interest rates; the ability to continue to offer fuel-efficient and environmentally friendly products; a permanent shift in consumer preference towards smaller, lower margin vehicles; the introduction of competing, fuel-efficient products and the possible lack of acceptance of our products or services, which may limit our ability to adequately utilize our production capacities or raise prices; price increases in fuel, raw materials and precious metals; disruption of production due to shortages of materials, labor strikes, or supplier insolvencies; a further decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization programs at all of our segments, including the repositioning of our truck activities in the NAFTA region and in Asia; the business outlook of companies in which we hold an equity interest, most notably EADS; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety, the resolution of pending governmental investigations and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk Report” in Daimler’s most recent Annual Report and under the headings “Risk Factors” and “Legal Proceedings” in Daimler’s most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. 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.