DAIMLER

Interim Report Q1 2011

Contents

Cover photo:
The new SLK debuted at European dealerships in March 2011. The third generation of this roadster raises driving pleasure and open-air enjoyment to an uncompromising new level. The new, powerful 4- and 6-cylinder engines with ECO start-stop function as standard guarantee a sporty temperament and exemplary efficiency. Delivering outstanding driving performance, these engines consume up to 25% less fuel than their predecessors. With its sporty suspension, the SLK combines agility and comfort as never before. Its unique safety features and an abundance of technical innovations (including ATTENTION ASSIST fatigue recognition and DISTRONIC PLUS adaptive cruise control with PRE-SAFE® brakes) set the benchmark in its class. And the SLK is also the world's first car to offer the panorama vario-roof with MAGIC SKY CONTROL, which can be changed from transparent to dark at the flick of a switch.

Q1

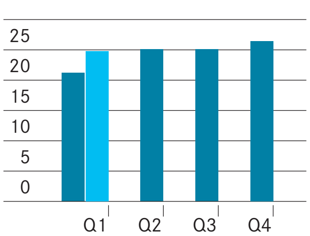
Key Figures

Amounts in millions of euros	**Q1 2011**	Q1 2010	% change
Revenue	**24,729**	21,187	+17 [1]
Western Europe	**9,223**	8,703	+6
thereof Germany	**4,431**	4,207	+5
NAFTA	**6,094**	5,363	+14
thereof United States	**5,131**	4,684	+10
Asia	**5,365**	3,707	+45
thereof China	**2,715**	1,500	+81
Other markets	**4,047**	3,414	+19
Employees (March 31)	**261,718**	254,779	+3
Investment in property, plant and equipment	**757**	738	+3
Research and development expenditure	**1,277**	1,134	+13
thereof capitalized development costs	**324**	336	-4
Cash provided by operating activities	**-520**	1,957	.
EBIT	**2,031**	1,190	+71
Net profit	**1,180**	612	+93
Earnings per share (in euros)	**0.99**	0.65	+52

1 Adjusted for the effects of currency translation, increase in revenue of 15%

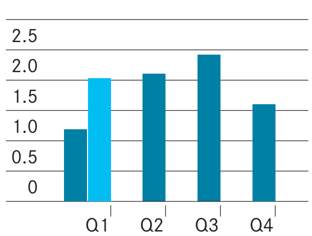
Revenue

in billions of euros



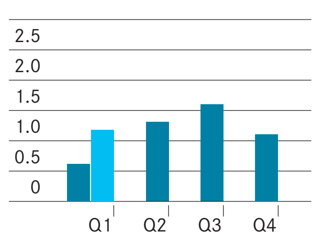
EBIT

in billions of euros



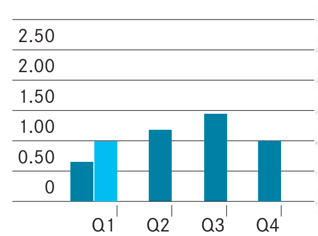
Net profit

in billions of euros



Earnings per share

in euros



2010
2011

Interim Management Report

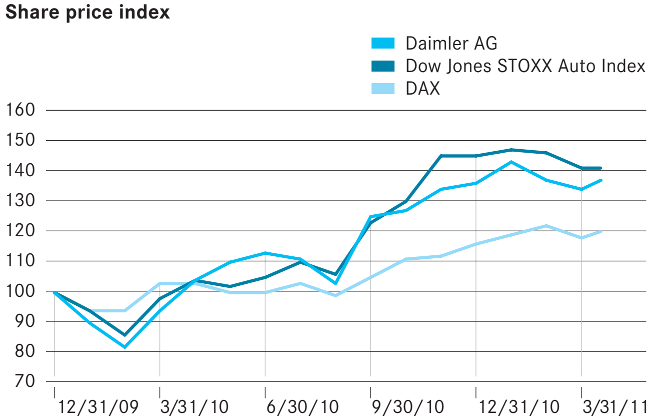
Further growth in unit sales
First-quarter revenue significantly higher than last year at €24.7 billion
Group EBIT of €2,031 million (Q1 2010: €1,190 million)
Net profit nearly doubles to €1,180 million
Further growth in unit sales and revenue anticipated for full-year 2011
Group EBIT from ongoing business expected to be significantly higher than in 2010

Business development

Continuation of world economic upswing
Growth of the **world economy** continued in the first quarter of 2011, in fact it probably accelerated slightly compared with the first quarter of 2010. Nearly all regions participated in this development, although with differing degrees of dynamism. Solely in some peripheral European countries, the ongoing crisis of public debt and the resulting efforts to consolidate budgets led to weak economic developments, which in some cases were actually recessive. But new risks emerged during the first quarter: further increases in energy and food prices, civil unrest and political upheaval in northern Africa and the Middle East, followed on March 11 by the threefold disaster in Japan of the earthquake, tsunami and nuclear accident. As a result of those events, the price of crude oil rose alarmingly, inflation rates increased around the world and financial-market volatility intensified along with uncertainty about future economic developments.

Global **automotive markets** continued to expand compared with the high levels attained in the first quarter of last year, but regional differences were still pronounced. Demand for cars in the United States continued to grow and unit sales were 20% higher than in the prior-year quarter. Total unit sales in Western Europe decreased slightly, whereby the individual markets developed very differently. The German car market expanded by approximately 14%, while demand in Spain and Italy continued to suffer from the after-effects of expired state incentives, and sales fell by about 25% compared with the prior-year quarter. The Japanese car market, which was already shrinking at the beginning of the year, slumped by 37% in March as a result of the natural disaster and the reactor accident and was thus down by approximately 25% in the first quarter compared with the prior-year period.

Share price index



Market growth in the large emerging economies continued in the first quarter, although at varying rates. In China, demand grew only moderately after most of the country's vehicle-buyer incentive programs were terminated. The dynamism of demand in India was unchanged, however. The Brazilian car market grew slightly compared with the first quarter of last year, while demand in Russia expanded by more than 75% thanks to state scrappage programs.

Growth of worldwide demand for medium and heavy trucks also continued compared with the prior-year period, but differed greatly from one region to another. Demand in the triad (North America, Western Europe and Japan) was significantly higher than in the first quarter of 2010, with the strongest growth rates in Europe due to the low level of the comparative period. The recovery in North America continued to accelerate with the result that total unit sales were more than 20% higher than in the prior-year quarter. Growth in demand in Japan slowed down noticeably due to the events in March, but first-quarter sales were still significantly higher than in 2010. The Chinese truck market expanded only slightly compared with the high prior-year volume, while demand in India, Brazil and Russia continued to grow at double-digit rates.

Unit sales up by 15% in the first quarter
In the first quarter of 2011, Daimler sold 461,700 cars and commercial vehicles worldwide, surpassing the prior-year figure by 15%.

Mercedes-Benz Cars continued its very good business development of 2010 in the first quarter of this year. The car division increased its unit sales compared with the prior-year period by 12% to 310,700 vehicles (Q1 2010: 277,100). The good sales figures are due, among other factors, to strong demand for the E-Class models, the popularity of our vehicles in the SUV segment and the ongoing success of the S-Class. Mercedes-Benz Cars continued its success in China and increased its unit sales in that market by more than 80% to 48,900 automobiles. But we also achieved increases in unit sales of 4% in both Germany and the United States.

Daimler Trucks achieved strong growth in unit sales of 27% to 89,300 vehicles, due to the economic recovery and the excellent demand for our attractive product range. Daimler Trucks significantly increased its market share in the NAFTA region in both Class 8 and in the medium-duty segment of Classes 6 and 7, and is the overall market leader in Classes 6-8 in the entire NAFTA region. The figures of Mitsubishi Fuso Truck and Bus Corporation are included in our accounts with a one-month time lag, so the recent events in Japan are not yet reflected in the unit sales for the first quarter.

In a market environment that continued its recovery, Mercedes-Benz Vans achieved a significant increase in unit sales of 16% compared with the first quarter of last year to sell 54,000 vehicles of the Sprinter, Vito/Viano and Vario models. However, worldwide sales of 7,700 buses and bus chassis by Daimler Buses were below the prior-year figure of 8,400 units. At Daimler Financial Services, worldwide contract volume decreased compared with the end of 2010 by 3% to €61.7 billion. Adjusted for exchange-rate effects, contract volume was almost unchanged. The division's new business developed positively and grew compared with the first quarter of 2010 by 11% to €6.9 billion, or by 8% after adjusting for currency effects.

The Daimler Group's first-quarter revenue increased by 17% to €24.7 billion. Adjusted for exchange-rate effects, revenue grew by 15%.

Profitability

EBIT by segment

In millions of euros	Q1 2011	Q1 2010	% change
Mercedes-Benz Cars	1,288	806	+60
Daimler Trucks	415	130	+219
Mercedes-Benz Vans	173	64	+170
Daimler Buses	-33	41	.
Daimler Financial Services	321	119	+170
Reconciliation	-133	30	.
Daimler Group	2,031	1,190	+71

The **Daimler Group** recorded EBIT of €2,031 million for the first quarter of 2011 (Q1 2010: €1,190 million).

The very positive development of earnings is a reflection of the ongoing upward trend in nearly all divisions. Mercedes-Benz Cars, Daimler Trucks and Mercedes-Benz Vans increased their unit sales compared with the prior-year period in all major regions. Daimler Financial Services profited in particular from lower cost of risk.

In connection with the natural disaster in Japan, expenses of €49 million were recognized at Daimler Trucks and €29 million at Daimler Financial Services in the first quarter of 2011; any insurance compensations have not yet been taken into consideration.

In the first quarter of 2010, the sale of Daimler's shares in the Indian automotive group Tata Motors had resulted in a gain of €265 million. However, there was a negative effect on Group EBIT of €269 million in the prior-year quarter from Daimler's investment in EADS, which is accounted for using the equity method; expenses at EADS related to the A400M military transport aircraft were the main reason for this proportionate loss.

The special items shown in the following table affected EBIT in the first quarters of 2011 and 2010:

Special items affecting EBIT

In millions of euros	Q1 2011	Q1 2010
Daimler Trucks		
Natural disaster in Japan	-49	-
Repositioning of Daimler Trucks North America	-	-12
Repositioning of Mitsubishi Fuso Truck and Bus Corporation	-	-5
Daimler Financial Services		
Natural disaster in Japan	-29	-
Sale of non-automotive assets	-	-46
Reconciliation		
Sale of equity interest in Tata Motors	-	265

With EBIT of €1,288 million in the first quarter of 2011, the **Mercedes-Benz Cars** division improved its earnings compared with the prior-year quarter by 60%. The return on sales was 9.3% (Q1 2010: 7.0%).

The main factor contributing to this earnings improvement was further growth in unit sales, particularly in the premium and luxury segments and with SUVs. Especially in China, the Mercedes-Benz Cars division was able to significantly increase its unit sales due to its attractive product portfolio. The very good product mix and improved pricing as well as positive exchange-rate effects also contributed to the strong earnings. There were negative impacts on earnings from increased prices of raw materials and increased use of resources in connection with the ramp-up of new vehicles, as well as from higher research and development expenditure.

EBIT of €415 million posted by the **Daimler Trucks** division was also significantly better than the prior-year earnings of €130 million. The return on sales was 6.6% (Q1 2010: 2.7%).

This earnings improvement is primarily due to the good business development, in particular in the markets of Western Europe and the United States. Unit sales increased overall by 27%. There was an opposing, negative impact on first-quarter earnings from high advance expenditure for the current product offensive.

Due to the natural disaster in Japan, charges to earnings of €49 million were recognized for the first quarter of 2011, although the earnings of our Japanese subsidiary Mitsubishi Fuso Truck and Bus Corporation are generally included in the consolidated financial statements with a time lag of one month. These charges are primarily related to damaged assets and production losses in March 2011.

The **Mercedes-Benz Vans** division achieved EBIT of €173 million in the first quarter of 2011 (Q1 2010: €64 million). The return on sales improved to 8.8%, compared with 3.8% in the first quarter of last year.

The positive development of earnings was mainly the result of the ongoing market recovery and significantly higher unit sales, especially in Germany, China and Turkey.

The **Daimler Buses** division posted EBIT of minus €33 million (Q1 2010: plus €41 million). The return on sales was minus 4.0% (Q1 2010: plus 4.1%).

Due to lower unit sales (-8%), the division was unable to match the earnings achieved in the prior-year period. The business with complete buses in Western Europe and North America was particularly affected, as the development of the city-bus segment was significantly weaker than in the prior year for market reasons. In Latin America, the prior-year quarter had been positively affected by deliveries on major orders. Negative exchange-rate effects also contributed to the drop in earnings.

With EBIT of €321 million, **Daimler Financial Services** significantly surpassed its earnings of the prior-year period (Q1 2010: €119 million).

The improvement in earnings was mainly caused by lower risk provisions and higher interest margins. Due to the natural disaster in Japan, write-down charges of €29 million were recognized for anticipated losses of receivables.

Earnings in the prior-year quarter included expenses of €46 million relating to the sale of non-automotive assets.

The **reconciliation** of the divisions' EBIT to Group EBIT primarily reflects our proportionate share of the results of our equity-method investment in EADS as well as other gains and losses at the corporate level.

In the first quarter of 2011, Daimler's proportionate share of the net result of EADS amounted to a profit of €74 million (Q1 2010: loss of €269 million). The prior-year loss was primarily the result of provisions recognized by EADS relating to the A400M military transport aircraft. There was an opposing, positive effect from the gain of €265 million realized on the sale of Daimler's 5.3% equity interest in Tata Motors.

The reconciliation also includes expenses of €191 million at the corporate level (Q1 2010: income of €26 million), partially related to legal proceedings. Expenses of €16 million from the elimination of intra-group transactions (Q1 2010: income of €8 million) are also included.

Net interest expense for the first quarter of 2011 improved to €148 million, primarily due to lower miscellaneous interest expense because of lower debt in the industrial business (Q1 2010: net expense of €198 million). Expenses in connection with pension benefit obligations were at the prior-year level.

The first-quarter **income-tax expense** of €703 million (Q1 2010: €380 million) is the result of the Group's higher pre-tax profit.

The positive development of EBIT led to a significant improvement in **net profit** to €1,180 million (Q1 2010: €612 million). Earnings per share increased accordingly to €0.99 (Q1 2010: €0.65).

Cash flows

Condensed consolidated statement of cash flows

In millions of euros	Q1 2011	Q1 2010	11/10 change
Cash and cash equivalents at beginning of period	10,903	9,800	1,103
Cash provided by/used for operating activities	-520	1,957	-2,477
Cash used for investing activities	-899	-77	-822
Cash used for financing activities	-138	-2,469	2,331
Effect of exchange-rate changes on cash and cash equivalents	-144	273	-417
Cash and cash equivalents at end of period	9,202	9,484	-282

Cash provided by operating activities amounted to minus €0.5 billion in the first quarter of 2011 (Q1 2010: €2.0 billion). The positive effect from the significant improvement in net profit was partially offset by the development of inventories. Compared with the first quarter of 2010, there were other effects on the cash flow from operating activities due to the higher volume of new business in leasing and sales financing as well as from higher payments of income taxes (€1.2 billion; Q1 2010: €0.2 billion). The higher cash outflows for income taxes primarily reflect payments of arrears for prior years in North America. The effects from the higher trade receivables due to higher unit sales were nearly offset by the increase in trade payables compared with the prior year.

Cash flows from investing activities in the first quarter resulted in a net cash outflow of €0.9 billion (Q1 2010: €0.1 billion). The change compared with the prior-year quarter was primarily the result of acquisitions and sales of securities carried out in the context of liquidity management, which led to lower net cash inflows in the reporting period. The prior-year period was also affected by proceeds from the sale of Daimler's shares in Tata Motors (€0.3 billion). Cash outflows for investments in property, plant and equipment and intangible assets were almost unchanged compared with the prior-year quarter.

Cash flows from financing activities resulted in a net cash outflow of €0.1 billion in the period under review (Q1 2010: €2.5 billion), which almost solely reflects the repayment (net) of financing liabilities, as in the prior-year quarter.

Cash and cash equivalents decreased compared with December 31, 2010 by €1.7 billion, after taking currency translation into account. Total liquidity, which also includes marketable debt securities, was reduced by €1.9 billion to €11.1 billion.

The parameter used by Daimler to measure the Group's financing capability is the **free cash flow of the industrial business**, which is derived from the reported cash flows from operating and investing activities. On that basis, a correction is made in the amount of the cash flows from the acquisition and sale of marketable debt securities included in the cash flows from investing activities, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow.

Other adjustments relate primarily to additions to property, plant and equipment, which are allocated to the Group as their beneficial owner due to the form of the underlying lease contracts. They also include acquisitions of minority interests in subsidiaries, which are reported as part of cash used for financing activities.

Free cash flow of the industrial business

In millions of euros	Q1 2011	Q1 2010	11/10 change
Cash provided by operating activities	592	1,035	-443
Cash used for investing activities	-861	-191	-670
Change in marketable debt securities	-201	-539	338
Other adjustments	-46	-6	-40
Free cash flow of the industrial business	-516	299	-815

The free cash flow decreased compared with the prior-year period by €0.8 billion to minus €0.5 billion.

The decrease was mainly caused by the development of inventories, the payment of the anniversary bonus and the increase in the capital of the Daimler and Benz Foundation. There were other impacts from the payment of the annual bonus. Furthermore, the prior-year period had been affected by the gain on the sale of Daimler's shares in Tata Motors. There were positive effects in particular from increased profit contributions from the divisions and lower cash outflows for interest payments. The increased cash outflows for tax payments made to third parties were nearly fully offset by intra-group payments received by the industrial business from financial services companies in the context of the organic tax unity.

Net liquidity of the industrial business

In millions of euros	March 31, 2011	Dec. 31, 2010	11/10 change
Cash and cash equivalents	8,265	9,535	-1,270
Marketable debt securities	1,030	1,258	-228
Liquidity	9,295	10,793	-1,498
Financing liabilities	3,062	1,358	1,704
Market valuation and currency hedges for financing liabilities	58	-213	271
Financing liabilities (nominal)	3,120	1,145	1,975
Net liquidity	12,415	11,938	477

The **net liquidity of the industrial business** is calculated as the total amount as shown in the balance sheet of cash, cash equivalents and marketable debt securities included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

To the extent that the Group's internal refinancing of the financial services business is provided by the companies of the industrial business, this amount is deducted in the calculation of the net debt of the industrial business. At March 31, 2011, the Group's internal refinancing was higher than the financing liabilities originally assumed in the industrial business due to the use of the industrial business's own funds. This resulted in a positive amount for the financing liabilities of the industrial business, increasing its net liquidity.

The net liquidity of the industrial business increased compared with December 31, 2010 by €0.5 billion to €12.4 billion.

The increase was mainly caused by the dividend payments of the financial services business within the Group, partially offset by the free cash flow.

Net debt at Group level, which primarily results from the refinancing of the leasing and sales financing business, decreased by €0.3 billion compared with December 31, 2010, mainly due to exchange-rate effects.

Net debt of the Daimler Group

In millions of euros	March 31, 2011	Dec. 31, 2010	11/10 change
Cash and cash equivalents	9,202	10,903	-1,701
Marketable securities and long-term deposits	1,899	2,096	-197
Liquidity	11,101	12,999	-1,898
Financing liabilities	-51,724	-53,682	1,958
Market valuation and currency hedges for financing liabilities	58	-213	271
Financing liabilities (nominal)	-51,666	-53,895	2,229
Net debt	-40,565	-40,896	331

Financial position

Condensed consolidated statement of financial position

In millions of euros	March 31, 2011	Dec. 31, 2010	11/10 % change
Assets			
Intangible assets	7,580	7,504	+1
Property, plant and equipment	17,394	17,593	-1
Equipment on operating leases and receivables from financial services	58,930	60,955	-3
Investments accounted for using the equity method	3,863	3,960	-2
Inventories	15,752	14,544	+8
Trade receivables	7,400	7,192	+3
Cash and cash equivalents	9,202	10,903	-16
Marketable debt securities	1,899	2,096	-9
Other financial assets	5,596	5,441	+3
Other assets	5,590	5,642	-1
Total assets	133,206	135,830	-2
Equity and liabilities			
Equity	38,517	37,953	+1
Provisions	20,242	20,637	-2
Financial liabilities	51,724	53,682	-4
Trade payables	8,354	7,657	+9
Other financial liabilities	8,112	10,509	-23
Other liabilities	6,257	5,392	+16
Total equity and liabilities	133,206	135,830	-2

Compared with December 31, 2010, the Group's **balance sheet total** decreased by €2.6 billion to €133.2 billion. Adjusted for the effects of currency translation, there was an increase of €0.7 billion. The financial services business account for €65.5 billion of the balance sheet total (December 31, 2010: €67.9 billion), equivalent to 49% of the Daimler Group's total assets (December 31, 2010: 50%).

Current assets account for 42% of the balance sheet total (December 31, 2010: 42%). Increases in inventories and receivables were offset by a reduction in cash and cash equivalents. Current liabilities account for 37% of the balance sheet total (December 31, 2010: 39%). The decrease reflects the lower financial liabilities and provisions, partially offset by higher trade payables.

Intangible assets of €7.6 billion were slightly higher than at December 31, 2010.

Investment in **property, plant and equipment** was higher than depreciation. The decrease in property, plant and equipment to €17.4 billion (December 31, 2010: €17.6 billion) is almost solely a reflection of exchange-rate effects.

Equipment on operating leases and **receivables from financial services** decreased primarily due to exchange-rate effects by €2.0 billion to €58.9 billion. Their proportion of the balance sheet total was 44% (December 31, 2010: 45%).

Investments accounted for using the equity method of €3.9 billion mainly comprise the carrying amounts of our investments in EADS, Tognum and Kamaz.

Inventories increased by €1.2 billion to €15.8 billion, equivalent to 12% of total assets. The increase primarily reflects increased stocks of finished goods.

Trade receivables increased by €0.2 billion to €7.4 billion.

Cash and cash equivalents decreased compared with December 31, 2010 by €1.7 billion to €9.2 billion.

Marketable debt securities were reduced compared with December 31, 2010 from €2.1 billion to €1.9 billion. These items include debt instruments allocated to liquidity, most of which are quoted in an active market.

Other financial liabilities increased from €5.4 billion to €5.6 billion. They mainly comprise investments and derivative financial instruments, as well as loans and other receivables due from third parties.

Other assets of €5.6 billion primarily comprise deferred tax assets and tax refunds claims (December 31, 2010: €5.6 billion).

The Group's **equity** increased compared with December 31, 2010 by €0.6 billion to €38.5 billion. The increase after adjusting for currency effects of €1.2 billion primarily reflects the Group's net profit of €1.2 billion.

The **equity ratio** was 27.4% for the Group (December 31, 2010: 26.5%) and 46.7% for the industrial business (December 31, 2010: 45.8%). The equity ratios are adjusted for the dividend payment for the year 2010.

Provisions account for 15% of the balance sheet total. Most of them relate to warranty, personnel and pension obligations, and at €20.2 billion were below the level of December 31, 2010 (€20.6 billion). The decrease was mainly due to lower provisions for personnel obligations.

Financing liabilities decreased by €2.0 billion to €51.7 billion. The decrease adjusted for currency effects of €0.8 billion is mainly related to bonds. There was an opposing effect from increases in liabilities to banks and liabilities from ABS transactions to a total of €16.2 billion (December 31, 2010: €15.4 billion).

Trade payables increased by €0.7 billion to €8.4 billion, partially due to the higher production volumes.

Other financial liabilities decreased to €8.1 billion (December 31, 2010: €10.5 billion). They primarily relate to residual-value guarantees, wages and salaries, derivative financial instruments and accrued interest on financing liabilities. The decrease was mainly accounted for by derivative financial instruments in connection with movements in exchange rates and by accrued interest on financing liabilities.

Other liabilities of €6.3 billion mainly comprise deferred tax liabilities, tax liabilities and deferred income (December 31, 2010: €5.4 billion).

Workforce

At the end of the first quarter of 2011, Daimler employed 261,718 people worldwide (March 31, 2010: 254,779). Of that total, 164,131 people were employed in Germany (March 31, 2010: 161,449), 18,736 in the United States (March 31, 2010: 17,222), 13,582 in Brazil (March 31, 2010: 13,501) and 12,703 in Japan (March 31, 2010: 13,592).

Changes in the Supervisory Board and the Board of Management

On April 13, 2011, the Annual Meeting of Daimler AG elected Ms. Petraea Heynike to the Supervisory Board as successor to the departing member, Dr. Manfred Schneider. Ms. Heynike is Executive Vice President and a member of the Executive Board of Nestlé S.A.; she will step down from those positions as of May 1, 2011. She has been elected as a member of Daimler's Supervisory Board until the end of the Annual Meeting held in 2016.

The Annual Meeting of Daimler AG also extended the period of office of Dr. Manfred Bischoff and Mr. Lynton R. Wilson as members of the Supervisory Board representing the shareholders. The period of office of Dr. Bischoff was extended until the end of the Annual Meeting held in 2016; the period of office of Mr. Wilson was extended until the end of the Annual Meeting held in 2013. Following the Annual Meeting, the Supervisory Board once again elected Dr. Manfred Bischoff as the Chairman of the Supervisory Board of Daimler AG.

With effect as of February 16, 2011, Dr. Christine Hohmann-Dennhardt was appointed as a member of the Board of Management for the newly created area of Integrity and Legal Affairs. Among other things, she is responsible for the global compliance and legal organization, business ethics and the comprehensive anchoring of integrity and compliance throughout the Group. The Supervisory Board thus expanded the Board of Management to seven positions, as announced on September 28, 2010.

In the same meeting, the Supervisory Board also extended the contract of service of Mr. Bodo Uebber, the member of the Board of Management of Daimler AG responsible for Finance & Controlling and Daimler Financial Services, until December 31, 2014.

Daimler AG and Rolls-Royce make public takeover offer for Tognum AG

Daimler AG and Rolls-Royce Group plc made a voluntary takeover offer for Tognum AG through their joint venture Engine Holding GmbH on April 6. As already announced on March 9, 2011, the Tognum shareholders will receive 24 euros for each share tendered. The price offered is highly attractive and represents a significant premium of 30% over the Xetra price of Tognum shares as of Friday, March 4, 2011. That was the last day of trading before rumors of the transaction emerged, which caused the share price to rise significantly. Shareholders who tender their shares in the offer maintain their right to payment of a dividend for financial year 2010. We are of the opinion that the planned joint venture, which will merge Tognum AG and Bergen, is based on convincing industrial logic and will have significant advantages for the companies involved, their customers and their employees. The joint venture will operate in attractive, fast-growing markets, especially in emerging countries. The combination of the strengths and market access of the three companies will allow the joint venture to offer a worldwide portfolio of products, services and integrated solutions and to position itself as a first-class engine-system manufacturer.

Risk report

Daimler's divisions are exposed to a large number of risks which are inextricably linked with their entrepreneurial activities. With regard to the existing opportunities and risks, we refer to the statements made on pages 104 to 113 and on page 117 of our Annual Report 2010, as well as to the notes on forward-looking statements at the end of this Interim Management Report.

Individual risks have increased during the year to date. Above all, the rise in the price of oil represents a growing risk, which could have a growing negative impact on global demand for automobiles as the year progresses. In addition, the threefold disaster in Japan with the earthquake, tsunami and reactor accident mean that there is a high degree of uncertainty in connection with ongoing developments in Japan. In all probability, the Japanese economy will return to recession in the first half of the year. Developments in the second half will also depend on the extent of the further consequences of the accident at the Japanese nuclear power plant. We assume that demand for cars will decrease significantly in Japan this year. Nonetheless, in our current assessment, growth prospects for the worldwide automotive markets are still intact. In recent weeks, there have been growing numbers of reports of production losses in Japan and in some cases also in other countries due to the natural disaster and the reactor accident. Delays in the reconstruction of the infrastructure in Japan and bottlenecks in the availability of vehicle components could have a major impact on the production of commercial vehicles by our subsidiary Mitsubishi Fuso Truck and Bus Corporation. The possible extent of worldwide production shortfalls and the resulting possible consequences for the global automotive markets cannot yet be fully estimated.

Outlook

The **world economy** should continue to grow during the rest of this year. The positive development of fundamental data such as orders received, industrial production, business and consumer sentiment and retail activity is continuing in most regions and countries. This applies in particular to such important countries for the world economy as the United States and China. For the German economy, all leading indicators are pointing toward a lasting, strong expansion. In total, there are no signs at the beginning of the second quarter that the world economy is likely to leave its path of recovery for a longer period due to the accumulation of the latest events – North Africa and the Middle East, oil prices and the natural disaster and reactor accident in Japan. In Japan, however, everything will depend on when and how quickly the reconstruction activities take effect and whether more serious production losses can be avoided. The global financial markets have reacted with higher risk premiums and higher volatilities, but systemic risks such as those in connection with the financial crisis are not apparent at present. Therefore, although most analysts have revised their forecasts for the Japanese economy, they have made hardly any significant adjustments for other countries or regions. In the European Monetary Union, the sovereign debt crises of some countries will tend to dampen growth prospects also in the coming quarters. For full-year 2011, the global economy could achieve solid GDP growth of 3.5-4%. The biggest single risk potential for the global economy is currently to be seen in a continued rise in the price of crude oil. At present, the oil price is “only” affecting private households’ real purchasing power and companies’ production costs. But if it continues to rise sharply, this would result not only in substantial growth losses, but would also cause some economies to slip back into recession.

Under the general conditions described above, global **demand for motor vehicles** should continue to grow as the year progresses. According to current forecasts, the global car market should expand by between 5 and 7%. The recovery of the US market is likely to continue gaining dynamism, while total unit sales of cars in Western Europe are expected to remain flat. In Germany, however, distinct market growth is to be expected. Demand in Japan will be severely impacted by the recent dramatic events and will probably decrease significantly in full-year 2011. Car markets in the major emerging economies of China, India, Brazil and Russia will continue to grow this year, if not as dynamically as last year.

The development of worldwide markets for commercial vehicles will feature significant regional differences also during the rest of the year. In the NAFTA region, an increasingly dynamic recovery is expected in the medium and heavy-duty segment with market growth of 30-35%. Demand for trucks in Europe should increase by 20-25% compared with the prior year. However, the development of the Japanese market after the events in March is still subject to extreme uncertainty. After moderate growth in demand for trucks had been expected in Japan at the beginning of the year, market developments as the year progresses will strongly depend on how dramatic the consequences of the recent events are. Demand for trucks in the major emerging markets will develop disparately this year. China, the biggest market by a large margin, is likely to continue at around the same volume as in the prior year after the end of state incentives for vehicle buyers, while demand in India should continue to grow significantly. The Brazilian market is likely to grow at a moderate rate after the renewed extension of fiscal incentives for buyers. In Russia, a continuation of the dynamic recovery in demand is to be expected.

We anticipate a continuation of van markets’ recovery in the coming quarters and assume that the positive development will continue in all of the regions relevant to us. This applies to Europe, where we expect market growth of 8%, and to the United States, where demand for vans is likely to rise at a double-digit rate.

We expect the European bus markets to remain stable at a low level. Weak demand for city buses is having a negative impact on sales in this region. We continue to anticipate slight growth in demand in Latin America.

On the basis of the divisions’ planning, Daimler expects **total unit sales** to increase significantly in full-year 2011 (2010: 1.9 million vehicles).

In view of the continuation of generally good market prospects combined with numerous model changes and new products, **Mercedes-Benz Cars** assumes that the Mercedes-Benz brand will increase its unit sales to a new record of more than 1.2 million vehicles in 2011. Thanks to our up-to-date and competitive model range, we will profit also in the year 2011 from strong demand for our E-Class models and from the market success of the S-Class. We expect that unit sales in the remaining quarters of 2011 will continue to be above the volumes of the prior-year periods.

The new-generation C-Class sedan and station wagon and the new SLK roadster have been providing additional sales impetus since late March 2011. The C-Class coupe will be launched in June, followed by the new model of the M-Class in September and the roadster version of the Mercedes-Benz SLS AMG in the fourth quarter. And in November, we will launch the new B-Class – the first of four new models in the compact-car segment. On the engines side, we are introducing our particularly fuel-efficient four, six and eight-cylinder engines and the ECO start-stop function in additional models. For the smart brand, we anticipate unit sales at roughly the same level as in 2010 due to the full availability of the new generation of the smart fortwo.

At the same time, in order to secure our future growth, we are investing in the expansion of our production network, continuing our product offensive and intensifying the development of new technologies. This includes the joint venture between Daimler and Toray to produce and market automotive parts made of carbon fiber and the cooperation with Bosch on the development of electric motors for cars.

Daimler Trucks assumes that it will increase its unit sales substantially in 2011. Aided by the general economic recovery and the expected related growth in demand for transport services and vehicles, most of our major markets will grow at significant rates.

We will participate in the continuous market growth in Western Europe and will maintain our leading position in the heavy- and medium-duty segment. For the NAFTA region the sales forecast is supported by market share gains in all of Classes 6-8, as well as the excellent order situation. Following the recent events in Japan, the situation in that market is very difficult and hard to forecast due to the lack of clarity about future developments. But we will strengthen our position in other parts of Asia, especially in the large Chinese market and in other fast-growing emerging markets. In addition, we are expanding our capacities in Brazil and Turkey, thus improving the availability of our trucks in those markets. The Daimler Trucks division anticipates further growth in unit sales in the coming quarters compared with the prior-year periods.

This assessment is supported by the current order situation. At the Daimler Trucks division, orders received at Trucks Europe/Latin America increased by a double-digit percentage and at Trucks NAFTA they actually quadrupled compared with the prior-year quarter.

The **Mercedes-Benz Vans** division also expects to achieve further growth in unit sales in full-year 2011, on the basis of the ongoing recovery of its most important markets. The launch of the Sprinter in China and the adjustment of production capacities in Argentina will additionally contribute to that growth.

Daimler Buses expects to sell more than 40,000 complete buses and bus chassis in the year 2011. However, this increase will be due solely to the positive development of chassis sales in Latin America. We assume that the business with complete buses in Europe and North America will remain weak.

Daimler Financial Services anticipates a further increase in its worldwide contract volume and new business in full-year 2011. Credit-risk costs are expected to stabilize this year, but also interest rates are likely to increase.

Following the substantial increase in 2010, we assume that the **Daimler Group's revenue** will continue to grow in 2011. This growth will probably be driven by all of the automotive divisions.

Based on current estimates, we expect the **Daimler Group** to post significantly higher EBIT from the ongoing business in 2011 than in 2010. Developments in the first quarter have shown that we continue to make good progress toward the targeted rates of return that we intend to achieve on a sustained basis as of the year 2013.

Due to the strong demand for our products, we assume that the worldwide **number of employees** will increase compared with the number at the end of 2010.

Mercedes-Benz Cars

Unit sales up by 12% compared with Q1 2010
Market launch of new CLS and SLK and of new-generation C-Class
Advance expenditure on new technologies, products and plants
EBIT well above prior-year level at €1,288 million (Q1 2010: €806 million)

In millions of euros	Q1 2011	Q1 2010	% change
EBIT	1,288	806	+60
Revenue	13,860	11,595	+20
Unit sales	310,717	277,117	+12
Production	341,708	307,826	+11
Employees (March 31)	95,380	92,743	+3

Unit sales	Q1 2011	Q1 2010	% change
Total	310,717	277,117	+12
Western Europe	139,914	135,069	+4
Germany	55,749	53,795	+4
United States	58,610	56,145	+4
China	48,861	26,855	+82
Other markets	63,332	59,048	+7

Further improvements in unit sales, revenue and earnings
Mercedes-Benz Cars continued the very good business development of 2010 in the first quarter of this year. The car division increased its unit sales compared with the prior-year period by 12% to 310,700 vehicles (Q1 2010: 277,100). First-quarter revenue increased by 20% to €13.9 billion and EBIT rose to €1,288 million (Q1 2010: €806 million).

Growth for Mercedes-Benz in all regions
The ongoing success of the S-Class contributed significantly to the division's strong unit sales in the first quarter of 2011. Although some competitors have younger models in this segment, demand for the S-Class strengthened, resulting in an 18% increase in unit sales to 21,100 automobiles (Q1 2010: 17,900). The S-Class continues to be the best-selling car in its segment. Sales of the E-Class also increased by 18% to 83,100 units (Q1 2010: 70,600). Both the E-Class convertible and the new CLS have had an extremely good reception. Due to the model change of the C-Class, sales in that segment decreased slightly to 75,100 units (Q1 2010: 75,500). But despite the effects of the imminent model upgrade, the C-Class sedan maintained its position as the market leader in its segment. Shipments in the SUV segment increased by 36% to a new record of 57,600 vehicles (Q1 2010: 42,400). First-quarter sales of 48,200 units of the A- and B-Class models matched the prior-year figure in advance of the upcoming replacement with all-new models (Q1 2010: 48,100).

Unit sales of Mercedes-Benz brand cars increased in all regions in the first quarter. Shipments in Western Europe were up by 4% to 121,400 units, while sales of 49,300 units in Germany were at the prior-year level. In the United States, unit sales increased by 5% to 57,600 vehicles. This makes Mercedes-Benz the best-selling premium brand in the domestic market as well as in the United States. In China, Mercedes-Benz achieved growth of 74% to 45,800 units, maintaining its position as the fastest-growing premium brand. Due to the strong demand in China, worldwide shipments of the smart fortwo increased by 15% to 24,400 units in the first quarter.

Numerous new models emphasize cultivated sportiness
Cultivated sportiness is the shared feature of the new models that Mercedes-Benz presented in the year of the 125th anniversary of the automobile. The new CLS was already launched at the end of January.

The all-new SLK, deliveries of which started at the end of March, is the first car in the world to offer the panoramic vario-roof with Magic Sky Control, which changes from clear to dark tinted glass at the touch of a button. With numerous technical innovations and its unique safety features, the SLK once again sets the benchmark in its class. New, powerful 4- and 6-cylinder engines with the ECO start-stop function as standard equipment guarantee high efficiency and a sporty temperament. Delivering excellent performance, they are up to 25% more fuel efficient than their predecessors.

In addition, the new generation of the C-Class has been in the showrooms since the end of March. The new version incorporates over 2,000 new components compared with its predecessor, and the car's front and rear have been restyled distinctively. With features such as ATTENTION ASSIST fatigue recognition and DISTRONIC PLUS to help maintain a safe distance from the vehicle in front, the C-Class has reached a new level of safety. Fuel consumption has been reduced by up to 31% compared with the predecessor thanks to new engines, the further developed automatic transmission, 7G TRONIC PLUS, and the ECO start-stop function.

At the Geneva Motor Show, Mercedes-Benz also presented the new coupe version of the C-Class, which will be available as of June. The coupe has an elegant design and distinctive character, and will position Mercedes-Benz in a new market segment.

"Innovation and Environment" award
In the "Innovation and Environment" category, Blind Spot Assist received the Yellow Angel prize of ADAC, a German automobile club. This means that innovations by Daimler have taken first place for the fourth time in this important automotive innovation award.

High advance expenditure for future products
Mercedes-Benz Cars is investing in the successor models to the A- and B-Class, the M-Class and the S-Class, as well as in new engines and alternative drive systems. We are also increasing our research and development expenditure.

Daimler Trucks

Further significant growth in unit sales
MFTBC resumes vehicle production in April
Customers enthusiastic about new trucks and engines
EBIT increases to €415 million (Q1 2010: €130 million)

In millions of euros	Q1 2011	Q1 2010	% change
EBIT	415	130	+219
Revenue	6,242	4,873	+28
Unit sales	89,260	70,557	+27
Production	93,727	73,768	+27
Employees (March 31)	73,743	69,652	+6

Unit sales	Q1 2011	Q1 2010	% change
Total	89,260	70,557	+27
Western Europe	11,536	9,466	+22
Germany	5,190	4,729	+10
United States	19,264	15,089	+28
Latin America (excluding Mexico)	13,813	13,014	+6
Asia	30,464	22,087	+38
Other markets	14,183	10,901	+30

Further significant growth in unit sales, revenue and earnings
Daimler Trucks posted significant growth in unit sales in the first quarter of 2011: The number of trucks sold increased by 27% to 89,300 units. Revenue of €6.2 billion was 28% higher than in the first three months of last year. And EBIT was significantly above the prior-year figure at €415 million (Q1 2010: €130 million).

Worldwide growth in unit sales
Increased demand for trucks as a result of the economic recovery and the excellent popularity of our modern product range led to further significant growth in unit sales.

Sales of 32,400 units by **Trucks Europe/Latin America** in the first quarter were 27% higher than in the prior-year period. With strong growth in Western Europe (+21%) and Turkey (+148%), we were able to defend our market leadership in major markets in the segment of heavy and medium-duty trucks. Unit sales of 1,497 trucks in the growth market of China were also higher than in the prior-year period (+422%).

Trucks NAFTA posted first-quarter sales of 23,700 units and was thus 32% above the prior-year period. The very high demand for our heavy-duty EPA10-compliant engines and our increased activities in the field of construction-site applications and disposal services (Class 8) enabled us to further extend our market leadership in the segment of Classes 6 to 8 in both the United States and the entire NAFTA region. As a clear sign of our consistent focus on clean drive technologies, the 1000th hybrid commercial vehicle rolled off the production line in the first quarter of this year.

At **Trucks Asia**, sales of 33,200 units were 23% above the prior-year period. In addition to growth in Asia (Indonesia +29%, Taiwan +212%), unit sales continued to grow also in Europe (+35%) and Latin America (+44%). Unit sales in Russia increased by 417% to 372 units. In this market, Fuso Kamaz Trucks Rus produces and distributes the Fuso Canter 7.5-ton light-duty truck. Mitsubishi Fuso Truck and Bus Corporation (MFTBC) resumed vehicle production at its main plant in Kawasaki in April 2011. The company had temporarily interrupted vehicle production due to the current events in Japan. Despite the break in the production of vehicles, MFTBC has been able to produce spare parts and CKD kits for production outside Japan in recent weeks.

Fifth truck brand for Daimler Trucks: BharatBenz
In February 2011, Daimler Trucks' fifth truck brand was presented in India: BharatBenz. We intend to invest a total of approximately €700 million in India in the next five years. As of 2012, trucks in the weight categories of 6 to 49 tons will be produced in Chennai.

New heavy-duty engine generation presented
Under the name of BlueEfficiency Power, we presented the European version of the Heavy Duty Engine Generation. The new generation of Mercedes-Benz engines already meets the Euro VI emissions standard, which is due to come into force in 2014. Considerable synergy effects will be utilized with the reduction from four engine families produced at four plants to a single family from just two plants. Local versions of the Heavy Duty Engine Generation have already been successfully introduced by Fuso in Japan and by DTNA in the United States.

High personnel requirement due to good order situation
The good order situation at Daimler Trucks ensures rising production figures and an increased personnel requirement in 2011. More recruitment has been agreed upon in order to fulfill all our customers' orders punctually, flexibly and efficiently. This includes an additional 1,000 employees in Wörth, where the core workforce will be expanded by 400 persons, 200 more apprentices and trainees will be employed and 400 temporary workers will be taken on. Furthermore, Daimler Trucks North America will create a total of 1,300 new jobs in the United States and Mexico in the first half of 2011.

Daimler has the most successful brands in the Image Awards
The Daimler Group's commercial vehicles celebrated an outstanding achievement in this year's Image Awards of the renowned trade magazine for the transport sector, "VerkehrsRundschau." They achieved first place in five of the six categories in which Daimler brands are assessed.

Mercedes-Benz Vans

Significant increase in unit sales to 54,000 vehicles (Q1 2010: 46,700)
Successful market launch of new-generation Vito and Viano
Mercedes-Benz Vito E-CELL in use in Europe
EBIT of €173 million is significantly higher than in Q1 2010

In millions of euros	Q1 2011	Q1 2010	% change
EBIT	173	64	+170
Revenue	1,977	1,697	+16
Unit sales	54,018	46,655	+16
Production	64,272	49,820	+29
Employees (March 31)	14,532	15,051	-3

Unit sales	Q1 2011	Q1 2010	% change
Total	54,018	46,655	+16
Western Europe	37,532	34,755	+8
Germany	14,635	12,719	+15
Eastern Europe	4,672	2,721	+72
United States	3,061	2,416	+27
Latin America (excluding Mexico)	2,674	2,745	-3
China	2,040	261	+682
Other markets	4,039	3,757	+8

Significant increases in unit sales, revenue and EBIT
Mercedes-Benz Vans increased its unit sales by 16% to 54,000 vehicles of the Sprinter, Vito/Viano and Vario models in the first quarter of 2011. Revenue of €2.0 billion was also significantly higher than the prior-year level of €1.7 billion. EBIT amounted to €173 million (Q1 2010: €64 million).

Mercedes-Benz Vans continues along its growth path
In a market environment that continued its recovery, Mercedes-Benz Vans achieved a significant increase in unit sales compared with the first quarter of 2010. In Western Europe, the division's most important market, unit sales in the first three months of the year increased to 37,500 vehicles, representing an increase of 8% compared with the prior-year quarter. Unit sales in Germany rose by 15% to 14,600 vans. In Eastern Europe, Mercedes-Benz Vans sold 4,700 units, surpassing the prior-year figure by 72%.

Mercedes-Benz Vans is participating successfully in the economic recovery of the United States and Canada: First-quarter unit sales in the NAFTA region increased to 3,900 vans (Q1 2010: 3,000). And the positive development of demand for high-quality vans and premium multi-purpose vehicles continued in China, with an increase in sales to approximately 2,000 units (Q1 2010: 300). Sales in Latin America (excluding Mexico) decreased slightly to 2,700 units.

Worldwide unit sales of the Sprinter increased in the first three months of this year by 8% to 33,100 vans. Thanks to strong demand for the new-generation models, unit sales of the Vito and Viano increased by 33% in the first quarter of 2011.

Mercedes-Benz Vans was able to maintain its market leadership for medium-sized and large vans in the European Union, achieving a market share of approximately 17% (Q1 2010: 17.7%).

Successful market launch of new-generation Vito and Viano
The new generations of the Vito and Viano started very successfully. Demand for these attractive and substantially upgraded vehicles was significantly stronger than in the prior-year period. In the first three months of this year, we sold 14,200 units of the new Vito and 4,400 units of the new Viano, a spacious utility vehicle. Both models demonstrate the qualities of first-class vans: an upgraded front end, a new, highly efficient powertrain, new suspension and an upgraded interior. Furthermore, carbon-dioxide emissions and fuel consumption have been reduced compared with the predecessor models by up to 15%.

Mercedes-Benz Vito E-CELL now on the roads of Europe
The Mercedes-Benz Vito E-CELL is the first series-produced van with electric drive and is now on the road also outside Germany: The Spanish supermarket chain, Eroski, picked up five of these vehicles from the Mercedes-Benz production plant in Vitoria in February 2011. Another seven Vito E-CELL vans were handed over to Deutsche Post in March and will be used in its parcel delivery service. With a total of 15 electric vans, Deutsche Post currently has the biggest fleet of Vito E-CELL vans on the road.

Mercedes-Benz Vans models on the podium
In the Image Awards of "VerkehrsRundschau," a renowned German trade magazine for the transport sector, Mercedes-Benz Vans once again took first place as the winner in the Vans category. For many years now, operators of small, medium-sized and large fleets have elected Mercedes-Benz products from the range of Sprinter, Vito and Vario as the winners of these awards.

Mercedes-Benz Viano sets new standards
On the occasion of the 125th anniversary of the automobile, Mercedes-Benz Vans is launching a special model on the market: the Viano Avantgarde Edition 125. This large utility van was presented to the public for the first time at the Geneva Motor Show. The Viano Avantgarde Edition 125 is an impressive vehicle featuring a V6 engine, a sporty exterior, a high-quality interior and sports suspension.

Daimler Buses

Unit sales lower than in Q1 2010 at 7,700 buses and chassis
Presentation of new Setra ComfortClass for the United States
Further development of flexible production network in Europe
EBIT negative due to lower unit sales

In millions of euros	Q1 2011	Q1 2010	% change
EBIT	-33	41	.
Revenue	831	1,011	-18
Unit sales	7,747	8,396	-8
Production	8,145	8,844	-8
Employees (March 31)	17,194	17,163	+0

Unit sales	Q1 2011	Q1 2010	% change
Total	7,747	8,396	-8
Western Europe	619	1,072	-42
Germany	226	418	-46
NAFTA	632	485	+30
Latin America (excluding Mexico)	5,569	5,842	-5
Asia	312	150	+108
Other markets	615	847	-27

Revenue and earnings impacted by weaker demand outside Latin America
Daimler Buses' worldwide unit sales in the first quarter of 7,700 buses and chassis were lower than the prior-year figure of 8,400 units. Revenue decreased by €180 million to €831 million. EBIT of minus €33 million was significantly below the €41 million achieved in the prior-year quarter due to the weaker business with complete buses in Europe and North America.

Difficult market situation in European city-bus business; constant development of unit sales in Latin America
600 buses and chassis of the Mercedes-Benz and Setra brands were sold in Western Europe in the first three months of this year. Unit sales were thus 42% below the prior-year quarter. While we achieved slight growth in the coach segment, customers' reluctance to purchase was still apparent in the city-bus business, where we recorded a significant decrease in unit sales compared with the prior-year quarter. 200 units were sold in Germany (Q1 2010: 400).

Daimler Buses' sales in the NAFTA region increased by 30% to 600 units. While demand rose significantly in Mexico, we were unable to match the prior-year levels of unit sales in the United States and Canada.

In Latin America (excluding Mexico), unit sales by Daimler Buses continued at the high level of 5,600 chassis of the Mercedes-Benz brand (Q1 2010: 5,800). This resulted primarily from the ongoing positive development in Brazil, the biggest market in the region.

Best in class – new Setra ComfortClass for the United States
At this year's UMA Motorcoach Expo, a major bus trade fair in Florida, the Setra brand presented a newly designed touring coach. With the ComfortClass S 407, Daimler Buses is now positioned in the US business segment and offers coach operators a cost-effective alternative which fully meets all of our customers' requirements with the customary high quality standards expected of Setra. Unlike the Setra TopClass S 417, which makes use of the European design concept, the new Setra ComfortClass S 407 is a classic touring coach based on North American design concepts. We started series production at our plant in Neu-Ulm in April 2011.

Further development of production network in Europe
Daimler Buses consistently invests in the ongoing harmonization and flexibilization of its European production network to be able to react even faster to customers' requirements. The focus is on bodywork production in Mannheim and the paint shop in Neu-Ulm. Through the combination of core competencies and processes with leaner organizational structures and production processes, we achieve efficiency enhancements for the sustained improvement of our competitiveness.

Daimler Financial Services

Worldwide contract volume above prior-year level
Ongoing growth in the insurance business
Leasing ABS transaction in the United States
Strong improvement in EBIT to €321 million (Q1 2010: €119 million)

Amounts in millions of euros	Q1 2011	Q1 2010	% change
EBIT	321	119	+170
Revenue	3,034	3,061	-1
New business	6,906	6,203	+11
Contract volume	61,702	59,863	+3
Employees (March 31)	6,699	6,818	-2

Good development in the first quarter
Daimler Financial Services' worldwide contract volume decreased by 3% compared with the end of 2010 to €61.7 billion at March 31, 2011. Adjusted for exchange-rate effects, contract volume was nearly unchanged. New business developed positively and rose by 11% compared with the first quarter of last year to €6.9 billion. The increase was 8% after adjusting for exchange-rate effects. EBIT of €321 million was 170% higher than in the prior year period (Q1 2010: €119 million).

In the insurance business, Daimler Financial Services was able to continue its growth in the first quarter. The number of insurance policies brokered worldwide increased by 15% to 195,000, with significant impetus from the growth markets. In China, for example, the number of insurance policies brokered more than tripled compared with the prior-year quarter to 12,600.

Reduction in credit risks in Europe
In the Europe region, contract volume decreased compared with the end of 2010 by 1% to €28.8 billion. There was positive growth impetus from our companies in Sweden (+8%), Spain (+4%) and the United Kingdom (+2%). The improved economic situation in Europe led to a reduction in credit risks and the number of credit defaults decreased considerably compared with the prior-year period.

The contract volume of Mercedes-Benz Bank decreased compared with the end of 2010 by 1% to €15.9 billion. In the direct banking business, Mercedes-Benz Bank's total deposit volume decreased slightly to €10.7 billion (December 31, 2010: €11.1 billion).

Mercedes-Benz Bank is the first auto bank to launch an Internet platform for customer-friendly entry and exit with current leasing contracts, thus expanding its offering for flexible mobility solutions. Using the FlexibleStars leasing exchange, lessees can offer their leased Mercedes-Benz cars and vans and smart cars before their leasing contracts have expired. This allows existing leasing customers to change to other vehicles quickly and easily, while prospective customers can take over attractive younger used cars for the remaining periods of their leasing contracts.

Mercedes-Benz CharterWay in Germany, our fleet-management service provider for commercial vehicles, once again won the Image Award presented by "VerkehrsRundschau," a trade magazine for the transport sector, in the Rental/Leasing category.

Leasing ABS transaction in the United States
The financial services business continued to develop positively in the Americas region. Contract volume of €24.8 billion at the end of the first quarter of 2011 was 4% lower than at the end of 2010. Adjusted for exchange-rate effects, contract volume increased by 1%.

As part of its refinancing strategy, Mercedes-Benz Financial Services in the United States securitized lease receivables in a volume of approximately US $1.1 billion in the form of asset-backed securities during the first quarter. Demand in the financial market was so strong that the originally planned transaction volume was increased.

Stable development in the Africa & Asia/Pacific region
Daimler Financial Services' business in the Africa & Asia/Pacific region followed a stable development in the first quarter of this year. Contract volume decreased by 6% to €8.2 billion due to exchange-rate movements. Adjusted for currency effects, there was an increase of 1%. There was once again strong growth in China, where contract volume increased by 4% to €997 million.

Preparations for the market launch of Daimler Financial Services in India are progressing very positively. Daimler Financial Services is to start business operations in India in the third quarter of this year.

In a market study of customer satisfaction in South Africa carried out by Synovate in the first quarter, Mercedes-Benz Financial Services was awarded the first place.

Unaudited Consolidated Statement of Income

	Consolidated		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
In millions of euros	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Revenue	24,729	21,187	21,695	18,126	3,034	3,061
Cost of sales	-18,800	-16,619	-16,290	-13,870	-2,510	-2,749
Gross profit	5,929	4,568	5,405	4,256	524	312
Selling expenses	-2,120	-1,794	-2,041	-1,720	-79	-74
General administrative expenses	-934	-776	-814	-672	-120	-104
Research and non-capitalized development costs	-953	-798	-953	-798	-	-
Other operating income	231	122	218	113	13	9
Other operating expense	-166	-68	-157	-43	-9	-25
Share of profit/loss from investments accounted for using the equity method, net	57	-256	60	-257	-3	1
Other financial income/expense, net	-13	192	-8	192	-5	-
Earnings before interest and taxes (EBIT)[1]	2,031	1,190	1,710	1,071	321	119
Interest income	210	200	210	200	-	-
Interest expense	-358	-398	-355	-395	-3	-3
Profit before income taxes	1,883	992	1,565	876	318	116
Income taxes	-703	-380	-576	-346	-127	-34
Net profit	1,180	612	989	530	191	82
Profit (-)/loss attributable to minority interest	-121	55				
Profit attributable to shareholders of Daimler AG	1,059	667				
Earnings per share (in €) for profit attributable to shareholders of Daimler AG						
Basic	0.99	0.65				
Diluted	0.99	0.65				

1 EBIT includes expenses from the compounding of provisions and the effects of changes in discount rates (2011: minus €34 million; 2010: minus €84 million).

The accompanying notes are an integral part of these Unaudited Interim Consolidated Financial Statements.

Unaudited Consolidated Statement of Comprehensive Income/Loss

		Consolidated
In millions of euros	Q1 2011	Q1 2010
Net profit	**1,180**	612
Unrealized gains/losses on currency translation adjustments	-658	680
Unrealized losses on financial assets available for sale	-161	-258
Unrealized gains/losses on derivative financial instruments	497	-336
Unrealized losses on investments accounted for using the equity method	-113	-102
Other comprehensive loss, net of taxes	-435	-16
Thereof loss attributable to minority interest	-64	-8
Thereof loss attributable to shareholders of Daimler AG	-371	-8
Total comprehensive income	745	596
Thereof income attributable to minority interest	57	-63
Thereof income attributable to shareholders of Daimler AG	688	659

The accompanying notes are an integral part of these Unaudited Interim Consolidated Financial Statements.

Consolidated Statement of Financial Position

In millions of euros	Consolidated March 31, 2011 (unaudited)	Consolidated Dec. 31, 2010	Industrial Business (unaudited additional information) March 31, 2011	Industrial Business (unaudited additional information) Dec. 31, 2010	Daimler Financial Services (unaudited additional information) March 31, 2011	Daimler Financial Services (unaudited additional information) Dec. 31, 2010
Assets						
Intangible assets	7,580	7,504	7,528	7,450	52	54
Property, plant and equipment	17,394	17,593	17,349	17,544	45	49
Equipment on operating leases	19,417	19,925	9,484	9,611	9,933	10,314
Investments accounted for using the equity method	3,863	3,960	3,823	3,917	40	43
Receivables from financial services	21,846	22,864	-66	-45	21,912	22,909
Marketable debt securities	537	766	15	15	522	751
Other financial assets	3,060	3,194	1,884	2,015	1,176	1,179
Deferred tax assets	2,514	2,613	1,997	2,108	517	505
Other assets	404	408	204	214	200	194
Total non-current assets	76,615	78,827	42,218	42,829	34,397	35,998
Inventories	15,752	14,544	15,364	14,056	388	488
Trade receivables	7,400	7,192	7,124	6,964	276	228
Receivables from financial services	17,667	18,166	-32	-51	17,699	18,217
Cash and cash equivalents	9,202	10,903	8,265	9,535	937	1,368
Marketable debt securities	1,362	1,330	1,015	1,243	347	87
Other financial assets	2,536	2,247	-5,094	-5,282	7,630	7,529
Other assets	2,672	2,621	-1,158	-1,335	3,830	3,956
Total current assets	56,591	57,003	25,484	25,130	31,107	31,873
Total assets	133,206	135,830	67,702	67,959	65,504	67,871
Equity and liabilities						
Share capital	3,058	3,058				
Capital reserves	11,903	11,905				
Retained earnings	21,594	20,553				
Other reserves	493	864				
Treasury shares	-	-7				
Equity attributable to shareholders of Daimler AG	37,048	36,373				
Minority interest	1,469	1,580				
Total equity	38,517	37,953	33,596	33,088	4,921	4,865
Provisions for pensions and similar obligations	4,343	4,329	4,153	4,141	190	188
Provisions for income taxes	2,639	2,539	2,637	2,537	2	2
Provisions for other risks	5,782	5,548	5,605	5,367	177	181
Financing liabilities	27,301	27,861	3,485	3,480	23,816	24,381
Other financial liabilities	1,644	1,883	1,587	1,824	57	59
Deferred tax liabilities	1,228	675	-998	-1,813	2,226	2,488
Deferred income	1,858	1,824	1,479	1,481	379	343
Other liabilities	77	79	68	74	9	5
Total non-current liabilities	44,872	44,738	18,016	17,091	26,856	27,647
Trade payables	8,354	7,657	8,118	7,429	236	228
Provisions for income taxes	1,063	1,229	1,023	382	40	847
Provisions for other risks	6,415	6,992	6,167	6,711	248	281
Financing liabilities	24,423	25,821	-6,547	-4,838	30,970	30,659
Other financial liabilities	6,468	8,626	4,984	6,058	1,484	2,568
Deferred income	1,219	1,269	789	766	430	503
Other liabilities	1,875	1,545	1,556	1,272	319	273
Total current liabilities	49,817	53,139	16,090	17,780	33,727	35,359
Total equity and liabilities	133,206	135,830	67,702	67,959	65,504	67,871

The accompanying notes are an integral part of these Unaudited Interim Consolidated Financial Statements.

Unaudited Consolidated Statement of Changes in Equity

In millions of euros	Share capital	Capital reserves	Retained earnings	Other reserves Currency translation adjustment	Financial assets available for sale	Derivative financial instru-ments	Share of invest-ments accounted for using the equity method	Treasury shares	Equity attributable to share-holders of Daimler AG	Minority interest	Total equity
Balance at January 1, 2010	3,045	11,864	16,163	-213	270	268	307	-1,443	30,261	1,566	31,827
Net profit/loss	-	-	667	-	-	-	-	-	667	-55	612
Unrealized gains/losses	-	-	-	659	-262	-484	-109	-	-196	-22	-218
Deferred taxes on unrealized gains/losses	-	-	-	-	4	148	36	-	188	14	202
Total comprehensive income/loss	-	-	667	659	-258	-336	-73	-	659	-63	596
Dividends	-	-	-	-	-	-	-	-	-	-84	-84
Share-based payment	-	-1	-	-	-	-	-	-	-1	-	-1
Issue and disposal of treasury shares	-	-	-34	-	-	-	-	34	-	-	-
Other	-	5	-	-	-	-	-	-	5	-4	1
Balance at March 31, 2010	3,045	11,868	16,796	446	12	-68	234	-1,409	30,924	1,415	32,339
Balance at January 1, 2011	**3,058**	**11,905**	**20,553**	**939**	**149**	**-216**	**-8**	**-7**	**36,373**	**1,580**	**37,953**
Net profit	-	-	**1,059**	-	-	-	-	-	**1,059**	**121**	**1,180**
Unrealized gains/losses	-	-	-	**-631**	**-164**	**707**	**-115**	-	**-203**	**-83**	**-286**
Deferred taxes on unrealized gains/losses	-	-	-	-	**3**	**-210**	**39**	-	**-168**	**19**	**-149**
Total comprehensive income/loss	-	-	**1,059**	**-631**	**-161**	**497**	**-76**	-	**688**	**57**	**745**
Dividends	-	-	-	-	-	-	-	-	-	**-144**	**-144**
Share-based payment	-	**-1**	-	-	-	-	-	-	**-1**	-	**-1**
Acquisition of treasury shares	-	-	-	-	-	-	-	**-28**	**-28**	-	**-28**
Issue and disposal of treasury shares	-	-	**-18**	-	-	-	-	**35**	**17**	-	**17**
Other	-	**-1**	-	-	-	-	-	-	**-1**	**-24**	**-25**
Balance at March 31, 2011	**3,058**	**11,903**	**21,594**	**308**	**-12**	**281**	**-84**	-	**37,048**	**1,469**	**38,517**

The accompanying notes are an integral part of these Unaudited Interim Consolidated Financial Statements.

Unaudited Consolidated Statements of Cash Flows

In millions of euros	Consolidated Q1 2011	Consolidated Q1 2010	Industrial Business (unaudited additional information) Q1 2011	Industrial Business (unaudited additional information) Q1 2010	Daimler Financial Services (unaudited additional information) Q1 2011	Daimler Financial Services (unaudited additional information) Q1 2010
Net profit adjusted for	1,180	612	989	530	191	82
Depreciation and amortization	899	818	894	810	5	8
Other non-cash expense and income	274	372	430	673	-156	-301
Gains on disposals of assets	-11	-297	-10	-297	-1	-
Change in operating assets and liabilities						
Inventories	-1,578	-1,000	-1,635	-971	57	-29
Trade receivables	-408	-1,433	-351	-1,377	-57	-56
Trade payables	838	1,816	821	1,758	17	58
Receivables from financial services	-61	361	65	-25	-126	386
Vehicles on operating leases	-127	303	-38	-56	-89	359
Other operating assets and liabilities	-1,526	405	-573	-10	-953	415
Cash provided by/used for operating activities	-520	1,957	592	1,035	-1,112	922
Additions to property, plant and equipment	-757	-738	-754	-734	-3	-4
Additions to intangible assets	-363	-365	-361	-364	-2	-1
Proceeds from disposals of property, plant and equipment and intangible assets	48	75	46	72	2	3
Investments in businesses	-15	-38	-15	-37	-	-1
Proceeds from disposals of businesses	13	338	13	335	-	3
Acquisition of marketable debt securities	-1,186	-3,261	-1,102	-3,261	-84	-
Proceeds from sales of marketable debt securities	1,355	3,914	1,303	3,800	52	114
Other	6	-2	9	-2	-3	-
Cash provided by/used for investing activities	-899	-77	-861	-191	-38	114
Change in financing liabilities	-102	-2,447	-1,755	-579	1,653	-1,868
Dividends paid to minority interest	-20	-22	-20	-21	-	-1
Proceeds from issuance of share capital	28	-	28	-	-	-
Purchase of treasury shares	-28	-	-28	-	-	-
Purchase of minority interest in subsidiaries	-16	-	-16	-	-	-
Internal equity transactions	-	-	914	-29	-914	29
Cash provided by/used for financing activities	-138	-2,469	-877	-629	739	-1,840
Effect of foreign exchange-rate changes on cash and cash equivalents	-144	273	-124	247	-20	26
Net increase/decrease in cash and cash equivalents	-1,701	-316	-1,270	462	-431	-778
Cash and cash equivalents at the beginning of the period	10,903	9,800	9,535	6,735	1,368	3,065
Cash and cash equivalents at the end of the period	9,202	9,484	8,265	7,197	937	2,287

The accompanying notes are an integral part of these Unaudited Interim Consolidated Financial Statements.

Notes to the Unaudited Interim Consolidated Financial Statements

1. Presentation of the Interim Consolidated Financial Statements

General. These unaudited interim consolidated financial statements (interim financial statements) of Daimler AG and its subsidiaries ("Daimler" or "the Group") have been prepared in accordance with Section 37x Subsection 3 of the German Securities Trading Act (WpHG) and International Accounting Standard (IAS) 34 Interim Financial Reporting. The interim financial statements comply with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Daimler AG is a stock corporation organized under the laws of the Federal Republic of Germany. Daimler AG is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 137, 70327 Stuttgart, Germany.

The interim financial statements of the Daimler Group are presented in euros (€).

All significant intercompany accounts and transactions have been eliminated. In the opinion of the management, the interim financial statements reflect all adjustments (i.e. normal recurring adjustments) necessary for a fair presentation of the results of operations and the financial position of the Group. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or for the full fiscal year. The interim financial statements should be read in conjunction with the December 31, 2010 audited and published IFRS consolidated financial statements and notes thereto. The accounting policies applied by the Group in these interim financial statements are principally the same as those applied in the audited IFRS consolidated financial statements as at and for the year ended December 31, 2010.

Commercial practice with respect to certain products manufactured by Daimler necessitates that sales financing, including leasing alternatives, be made available to the Group's customers. Accordingly, the Group's consolidated financial statements are also significantly influenced by the activities of its financial services business. To enhance readers' understanding of the Group's financial position, cash flows and operating results, the accompanying interim consolidated financial statements also present information with respect to the Group's industrial business and Daimler Financial Services business activities. Such information, however, is not required by IFRS and is not intended to, and does not represent the separate IFRS results of operations, cash flows and financial position of the Group's industrial business or Daimler Financial Services business activities. Eliminations of the effects of transactions between the industrial business and Daimler Financial Services businesses have generally been allocated to the industrial business columns.

Preparation of interim financial statements in conformity with IFRS requires management to make estimates, assessments and assumptions which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities on the balance sheet date and the amounts of income and expense reported for the period. Actual amounts could differ from those estimates. Changes in the estimates, assessments and assumptions can have a material impact on the consolidated financial statements.

IFRSs issued but neither EU endorsed nor yet adopted. In November 2009, the IASB published IFRS 9 Financial Instruments as part of its project of a revision of the accounting guidance for financial instruments. Requirements for financial liabilities were added to IFRS 9 in October 2010. The requirements for financial liabilities were carried forward unchanged from IAS 39, with the exception of certain changes to the fair value option for financial liabilities that address the consideration of own credit risk.
The new standard provides guidance on the accounting of financial assets and financial liabilities as far as classification and measurement are concerned. The standard will be effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Group will not early adopt IFRS 9 Financial Instruments for 2011. Daimler will determine the expected effects on the Group's consolidated financial statements.

2. Significant dispositions of interests in companies and other disposals of assets and liabilities

Tata Motors. In March 2010, the Group sold its equity interest of approximately 5% in Tata Motors Limited to various groups of investors through the capital market. In the first quarter of 2010, this transaction resulted in a cash inflow of €303 million and a gain before income taxes of €265 million. The gain is included in "other financial income/expense, net" in the consolidated statement of income and in the reconciliation from total segments' EBIT to Group EBIT within the segment reporting.

Daimler Financial Services. Most of the non-automotive assets subject to finance leases that were presented separately as held for sale in the consolidated statement of financial position at December 31, 2009 were sold in the three months ended March 31, 2010. These transactions resulted in a cash inflow of €274 million. The Group recorded a pre-tax gain of €1 million from these sales and from the measurement of the remaining assets presented separately as held for sale (carrying amount as of March 31, 2010: €50 million).

Furthermore, additional non-automotive assets subject to finance leases (leveraged leases) with a carrying amount of €134 million are presented separately as assets held for sale in the consolidated statement of financial position as of March 31, 2010. Measurement of these assets at fair value less costs to sell resulted in a pre-tax expense of €47 million for the three months ended March 31, 2010.

The results of the above-mentioned transactions are included in "cost of sales" in the consolidated statement of income. The expense is allocated to the Daimler Financial Services segment.

3. Revenue

Revenue at Group level consists of the following:

In millions of euros	Q1 2011	Q1 2010
Revenue from the sale of goods	21,690	18,186
Revenue from the rental and leasing business	2,232	2,205
Interest from the financial services business at Daimler Financial Services	719	709
Revenue from the provision of other services	88	87
	24,729	21,187

4. Interest income and expense

Interest income and expense are comprised as follows:

In millions of euros	Q1 2011	Q1 2010
Interest income		
Expected return on pension and other post-employment benefit plan assets	154	153
Interest and similar income	56	47
	210	200
Interest expense		
Interest cost for pension and other post-employment benefit plans	-246	-249
Interest and similar expenses	-112	-149
	-358	-398

5. Intangible assets

Intangible assets are comprised as follows:

In millions of euros	March 31, 2011	Dec. 31, 2010
Goodwill	705	729
Development costs	6,140	6,009
Other intangible assets	735	766
	7,580	7,504

6. Property, plant and equipment

Property, plant and equipment consist of the following:

In millions of euros	March 31, 2011	Dec. 31, 2010
Land, leasehold improvements and buildings including buildings on land owned by others	6,208	6,399
Technical equipment and machinery	5,305	5,261
Other equipment, factory and office equipment	3,947	3,979
Advance payments relating to plant and equipment and construction in progress	1,934	1,954
	17,394	17,593

In the first quarter of 2011 additions to property, plant and equipment amounted to €785 million (2010: €746 million). Depreciation for the first quarter of 2011 was €665 million (2010: €604 million).

7. Equipment on operating leases

At March 31, 2011 the carrying amount of equipment on operating leases amounted to €19,417 million (December 31, 2010: €19,925 million). In the three months ended March 31, 2011 additions and disposals amounted to €2,664 million and €1,710 million (2010: €2,473 million and €1,791 million), respectively. Depreciation for the first quarter of 2011 was €857 million (2010: €991 million). Other changes predominantly include effects from currency translation.

8. Investments accounted for using the equity method

Key figures of investments accounted for using the equity method are as follows:

Amounts in millions of euros	EADS	Tognum	BBAC	Kamaz	Others[1]	Total
March 31, 2011						
Equity interest (in %)	**22.5**	**28.4**	**50.0**	**15.0**	**-**	**-**
Equity investment	**2,375**	**671**	**192**	**179**	**446**	**3,863**
Equity result (first quarter of 2011)[2]	**74**	**-2**	**27**	**-1**	**-41**	**57**
December 31, 2010						
Equity interest (in %)	22.5	28.4	50.0	15.0	-	-
Equity investment	2,415	672	175	177	521	3,960
Equity result (first quarter of 2010)[2]	-269	3	9	-3	4	-256

1 Also including joint ventures accounted for using the equity method.
2 Including investor-level adjustments.

EADS. As a result of the recognition of the proportionate share in EADS' results with a three-month time lag, Daimler recognized its share in the loss provisions regarding the A400M military transporter program established at EADS for the purpose of their 2009 consolidated financial statements in its equity result for the three months ended March 31, 2010. The Group's proportionate share in those expenses was €237 million.

9. Receivables from financial services

Receivables from financial services are comprised as follows:

		March 31, 2011			December 31, 2010	
In millions of euros	Current	Non-current	Total	Current	Non-current	Total
Receivables from						
Retail	**11,884**	**20,577**	**32,461**	12,436	21,363	33,799
Wholesale	**6,157**	**1,069**	**7,226**	6,131	1,091	7,222
Other	**98**	**808**	**906**	76	1,017	1,093
Gross carrying amount	**18,139**	**22,454**	**40,593**	18,643	23,471	42,114
Allowances for doubtful accounts	**-472**	**-608**	**-1,080**	-477	-607	-1,084
Carrying amount, net	**17,667**	**21,846**	**39,513**	18,166	22,864	41,030

10. Inventories

Inventories are comprised as follows:

In millions of euros	March 31, 2011	Dec. 31, 2010
Raw materials and manufacturing supplies	**1,728**	1,509
Work in progress	**2,140**	2,002
Finished goods, parts and products held for resale	**11,795**	10,974
Advance payments to suppliers	**89**	59
	15,752	14,544

11. Equity

Treasury shares. In the first quarter of 2011, almost all of the remaining treasury stock held by the company as of December 31, 2010 (approximately 0.2 million shares in an amount of approximately €7 million) were used to fulfill obligations towards former AEG-shareholders from the final judgment in the litigation (“Spruchverfahren”) regarding the domination and profit and loss transfer agreement between the former Daimler-Benz AG and the former AEG AG.

Employee share purchase plan. In the first quarter of 2011, 0.6 million Daimler shares were purchased and reissued to employees in connection with an employee share purchase plan.

Dividend. The Annual Meeting held on April 13, 2011 authorized Daimler to distribute a dividend of €1,971 million (€1.85 per share) from the unappropriated earnings for 2010 of Daimler AG. The dividend was paid out on April 14, 2011.

12. Pensions and similar obligations

Pension cost. The components of pension cost included in the consolidated statement of income are as follows:

In millions of euros	Total	German plans	Q1 2011 Non-German plans	Total	German plans	Q1 2010 Non-German plans
Current service cost	-87	-71	-16	-83	-66	-17
Interest cost	-211	-183	-28	-213	-184	-29
Expected return on plan assets	156	131	25	150	126	24
Amortization of net actuarial losses	-23	-19	-4	-20	-16	-4
	-165	-142	-23	-166	-140	-26

Contributions by the employer to plan assets. In the three months ended March 31, 2011, contributions by Daimler to the Group's pension plans were €100 million.

13. Provisions for other risks

Provisions for other risks are comprised as follows:

In millions of euros	Current	Non-current	March 31, 2011 Total	Current	Non-current	December 31, 2010 Total
Product warranties	2,677	3,009	5,686	2,783	2,857	5,640
Sales incentives	1,288	2	1,290	1,265	2	1,267
Personnel and social costs	1,245	1,431	2,676	1,693	1,424	3,117
Other	1,205	1,340	2,545	1,251	1,265	2,516
	6,415	5,782	12,197	6,992	5,548	12,540

14. Financing liabilities

Financing liabilities are comprised as follows:

In millions of euros	Current	Non-current	March 31, 2011 Total	Current	Non-current	December 31, 2010 Total
Notes/bonds	9,557	13,924	23,481	10,322	15,801	26,123
Commercial paper	281	-	281	91	-	91
Liabilities to financial institutions	5,637	8,966	14,603	6,295	8,033	14,328
Deposits in the direct banking business	7,571	3,096	10,667	7,856	3,020	10,876
Liabilities from ABS transactions	763	859	1,622	595	519	1,114
Liabilities from finance leases	94	384	478	80	419	499
Loans, other financing liabilities	520	72	592	582	69	651
	24,423	27,301	51,724	25,821	27,861	53,682

15. Segment reporting

Segment information for the three-month periods ended March 31, 2011 and 2010 is as follows:

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconcilia-tion	Daimler Group
Q1 2011								
Revenue	**13,332**	**5,819**	**1,903**	**820**	**2,855**	**24,729**	**-**	**24,729**
Intersegment revenue	**528**	**423**	**74**	**11**	**179**	**1,215**	**-1,215**	**-**
Total revenue	**13,860**	**6,242**	**1,977**	**831**	**3,034**	**25,944**	**-1,215**	**24,729**
Segment profit (EBIT)	**1,288**	**415**	**173**	**-33**	**321**	**2,164**	**-133**	**2,031**
Thereof share of profit/loss from investments accounted for using the equity method	**-12**	**3**	**-4**	**-**	**-3**	**-16**	**73**	**57**

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconcilia-tion	Daimler Group
Q1 2010								
Revenue	11,140	4,527	1,633	998	2,889	21,187	-	21,187
Intersegment revenue	455	346	64	13	172	1,050	-1,050	-
Total revenue	11,595	4,873	1,697	1,011	3,061	22,237	-1,050	21,187
Segment profit (EBIT)	806	130	64	41	119	1,160	30	1,190
Thereof share of profit/loss from investments accounted for using the equity method	8	5	-4	-	1	10	-266	-256

Reconciliation. Reconciliation of the total segments' profit (EBIT) to profit before income taxes is as follows:

In millions of euros	Q1 2011	Q1 2010
Total segments' profit (EBIT)	**2,164**	1,160
Share of profit/loss from investments accounted for using the equity method[1]	**73**	-266
Other corporate items	**-190**	288
Eliminations	**-16**	8
Group EBIT	**2,031**	1,190
Interest income	**210**	200
Interest expense	**-358**	-398
Profit before income taxes	**1,883**	992

1 Mainly comprises the Group's proportionate shares in the results of EADS and Tognum. For further information see Note 8.

The reconciliation includes corporate items for which headquarters is responsible. Transactions between the segments are eliminated in the context of consolidation and the eliminated amounts are included in the reconciliation.

In the first quarter of 2011, other corporate items mainly comprise expense in connection with legal proceedings while the prior-year quarter included a pre-tax gain of €265 million on the sale of Daimler's equity interest in Tata Motors.

16. Related party relationships

Associated companies and joint ventures. Most of the goods and services supplied within the ordinary course of business between the Group and related parties comprise transactions with associated companies and joint ventures and are included in the following table:

	Sales of goods and services and other income		Purchases of goods and services and other expense		Receivables		Payables	
In millions of euros	Q1 2011	Q1 2010	Q1 2011	Q1 2010	March 31, 2011	December 31, 2010	March 31, 2010	December 31, 2010
Associated companies	144	128	35	18	154	218	61	55
Joint ventures	605	324	107	61	502	457	28	154

A large proportion of the sales and purchases of goods and services with associated companies result from business relations with Tognum AG (Tognum). Tognum purchases engines, parts and services from the Group.

The Group agreed with EADS to sell its equity interest in DADC Luft- und Raumfahrt Beteiligungs AG (DADC) to EADS for €110 million. DADC is a holding company, which primarily holds the shares in Dornier GmbH. The sale was subject to a condition precedent, which was fulfilled in April 2011. This sale will result in a gain before taxes of approximately €30 million in the second quarter of 2011.

In connection with the Group's 45% equity interest in Toll Collect GmbH, Daimler has provided a number of guarantees for Toll Collect, which are not included in the table above (€105 million as of March 31, 2010 and as of December 31, 2009).

The transactions with joint ventures predominantly comprise the business relationship with Beijing Benz-DaimlerChrysler Automotive Corporation, Ltd. (BBDC). BBDC assembles and distributes Mercedes-Benz vehicles for the Group in China.

Further significant parts of sales and purchases of goods and services relate to joint ventures in Austria and Taiwan. These joint ventures distribute cars and spare parts of the Group. Since the middle of 2010, the Group has had substantial business relations with the Chinese joint venture Fujian Daimler Automotive Co. Ltd. (FJDA). FJDA produces and distributes vans under the brand name Mercedes-Benz in China.

Daimler AG and Rolls-Royce Group plc made a voluntary takeover offer for Tognum AG through their joint venture Engine Holding GmbH on April 6, 2011. As already announced on March 9, 2011, the Tognum shareholders will receive 24 euros for each share tendered. The offer expires on May 18, 2011 and has been made subject to the approval of the relevant antitrust authorities as well as to the achievement of a minimum acceptance threshold of at least 50 per cent plus 1 share of the currently issued share capital of Tognum.

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This report and additional information on Daimler are available on the Internet at
www.daimler.com

Concept and contents

Daimler AG
Investor Relations

Publications for our shareholders:
Annual Reports (German, English)
Interim Reports on 1st, 2nd and 3rd quarters (German, English)
Sustainability Report (German, English)
www.daimler.com/investors

Financial Calendar 2011 | 2012

Interim Report Q1 2011
April 29, 2011

Interim Report Q2 2011
July 27, 2011

Interim Report Q3 2011
October 27, 2011

Annual Meeting 2012
Messe Berlin
April 4, 2012

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