DAIMLER

Interim Report Q1 2012

Contents

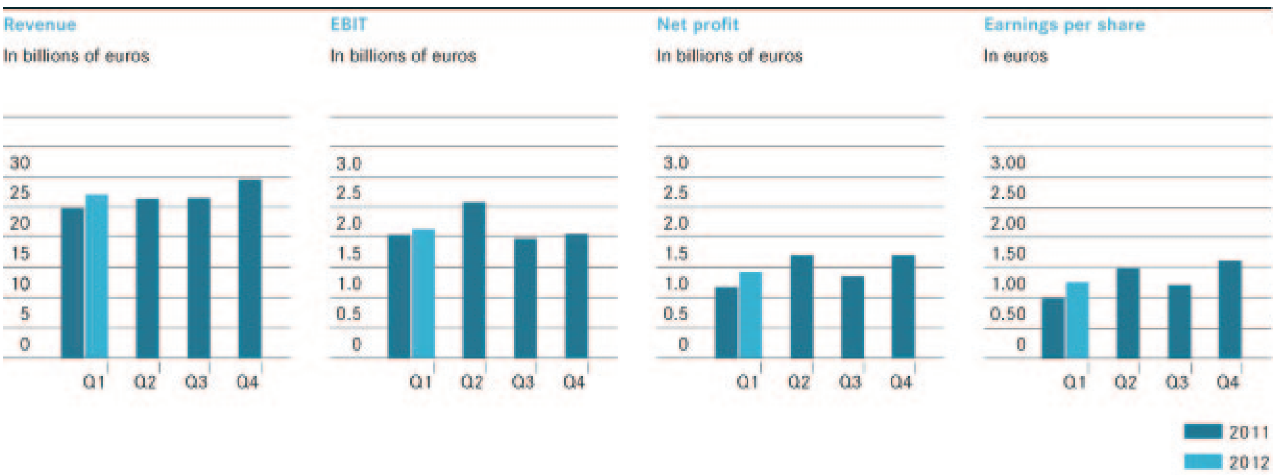
Cover photo:
The heartbeat of a new generation: The new Mercedes-Benz A-Class is causing quite a stir. Its premiere at the Geneva Motor Show hit the headlines: "A for All well done" (auto motor & sport), "A for All different" (Focus), "First class, this A!" (Bild), "A for All new" (Spiegel). The car's design and dynamic stance characterize the new A-Class at a glance, reducing its height from the road by up to 18 centimeters compared with its predecessor. The radically new design presented with the "Concept A-CLASS" and very well received worldwide was consistently applied to the series model: The style of the new A-Class follows the new Mercedes-Benz design strategy. The result is a so-called two-box design with its own distinctive character, a sporty emotive exterior and a highly appealing interior.

Q1

Key Figures Daimler Group

Amounts in millions of euros	Q1 2012	Q1 2011	% change
Revenue	27,011	24,729	+9 [1]
Western Europe	9,461	9,223	+3
thereof Germany	4,687	4,431	+6
NAFTA	7,365	6,094	+21
thereof United States	6,262	5,131	+22
Asia	6,299	5,365	+17
thereof China	2,833	2,715	+4
Other markets	3,886	4,047	-4
Employees (March 31)	274,127	261,718	+5
Investment in property, plant and equipment	1,042	757	+38
Research and development expenditure	1,380	1,277	+8
thereof capitalized development costs	339	324	+5
Free cash flow of the industrial business	-1,977	-516	.
EBIT	2,130	2,031	+5
Net profit	1,416	1,180	+20
Earnings per share (in euros)	1.25	0.99	+26

1 Adjusted for the effects of currency translation, increase in revenue of 7%.



Interim Management Report

Significant increase in first-quarter unit sales
Revenue higher than in prior-year quarter at €27.0 billion
Group EBIT of €2,130 million (Q1 2011: €2,031 million)
Net profit of €1,416 million (Q1 2011: €1,180 million)
Further growth in unit sales and revenue expected for full-year 2012
Target of Group EBIT from ongoing business in the magnitude of last year

Business development

Continuation of world economic upswing

The **world economy** continued its expansion in the first quarter of 2012, although the rate of growth seems to have been rather moderate. In general, global economic prospects have tended to improve since the beginning of the year. Fears of a deeper recession in the European Monetary Union (EMU) have subsided somewhat, primarily due to the expansive monetary policy pursued by the European Central Bank and the restructuring of Greece's debt. Nonetheless, the gross domestic product of the EMU is likely to have decreased in the first three months of this year, as it did in the last quarter of 2011. Fortunately, there have been increasing signs that the US economy is becoming more dynamic, which has also had a positive impact on the labor market. And concern about a hard landing of the Chinese economy has meanwhile given way to the assumption that although growth is slowing down, there will be no real slump. This is good news also for the emerging markets, which have close trading connections with China and the United States. But with its strong dependence on the euro zone, Eastern Europe had a rather difficult first quarter. Geopolitical uncertainty with regard to the Persian Gulf has driven the price of crude oil to a relatively high level. This is not only preventing a significant reduction in inflation rates, but is also dampening global growth due to the resulting loss of purchasing power and increased production costs. Stock-market developments were generally positive, with gains made since the beginning of the year, in some cases of a quite significant magnitude. But foreign-exchange markets remained volatile, as demonstrated not least by the perceptible fluctuation of the euro against the US dollar.

Global **automotive markets** once again grew significantly in the first quarter compared with the prior-year-period. Worldwide demand for cars was primarily driven by strong growth in the United States and Japan. But the development of the Chinese market was weaker than predicted at the beginning of 2012, while demand in Western Europe was significantly lower than in the first quarter of 2011, as expected. The US market continued its increasingly dynamic recovery: Sales of light vehicles rose by more than 13% and registrations were at their highest level of the past four years. Demand for cars in Japan actually soared by 50%, thanks to catch-up effects and renewed state incentives for car buyers. However, the prior-year figure had been substantially reduced by the initial discontinuation of the state incentive program at the end of 2010 and the natural disaster in March 2011. Total car sales in Western Europe were 8% lower than in the first quarter of last year; of the volume markets, only Germany and the United Kingdom posted slight growth. The French and Italian markets both shrank by more than 20%, due in France to changed regulations for state incentives for buyers and in Italy to the weak economy and the sovereign-debt crisis. In China, registrations of new cars in the first quarter were only around the level of the prior-year period. Demand was impacted primarily by the rather dampened economic situation at the beginning of the year and by high fuel prices. On the other hand, the Indian market made a dynamic start to the year 2012 with growth of approximately 15% in the first quarter. The Russian market continued to grow at a good double-digit rate.

Demand for medium and heavy trucks in the various regions developed quite disparately in the first quarter. The North American market continued its strong recovery with growth of more than 30%. In Western Europe, however, demand was roughly at the prior-year level. The Japanese market profited from the ongoing reconstruction activities and expanded by over 40%. Demand in Brazil was dampened by the changeover from Euro III to the stricter Euro V emission regulations, so the market was smaller than in the first quarter of last year. New truck registrations in Russia and India were once again higher than in the prior-year period, while demand in China, the world's biggest truck market, decreased significantly in the first quarter.

Unit sales up by 9% in the first quarter

In the first quarter of 2012, Daimler sold 502,100 cars and commercial vehicles worldwide, surpassing the prior-year figure by 9%.

The Mercedes-Benz Cars division set a new record for first-quarter unit sales, with an increase of 9% to 338,300 vehicles. In addition to the new B-Class and M-Class models, the current model series also contributed to this success. Unit sales in the compact-car segment increased thanks to strong demand for the new B-Class by 8% to 52,200 cars. Sales in the C-Class segment actually rose by 33% to 100,100 units. Demand in the luxury segment increased by 3% to 21,700 units, and the S-Class continued as the market leader in its category. Shipments in the E-Class segment decreased to 75,600 units for lifecycle reasons (Q1 2011: 83,100). Mercedes-Benz set a new record in the SUV segment: Unit sales increased by another 6% to 61,300 vehicles because of high demand for the new M-Class. Due in particular to strong growth in the United States, China and Germany, worldwide shipments of the smart fortwo increased by 12% to 27,300 units.

Unit sales by Daimler Trucks of 107,700 vehicles in the first quarter were 21% above the prior-year level; this increase was accompanied by a very positive development of market share. Mercedes-Benz Trucks further strengthened its leading position in the major market of Western Europe. And Trucks NAFTA once again defended its strong market share in Class 6-8 in the NAFTA region. Trucks Asia increased its market share in the segment of medium and heavy trucks in the important markets of Japan, Taiwan and Indonesia. In Brazil, unit sales decreased in connection with the introduction of stricter emission standards; nonetheless, we were able to maintain our market share also in that market.

Unit sales by Mercedes-Benz Vans decreased to 51,200 vehicles in the first quarter of 2012, primarily due to the market weakness in Western Europe (Q1 2011: 54,000). Sales in Western Europe were down by 8% to 34,400 units. In the United States, the van division continued to profit from the positive market response to Sprinter, with unit sales rising by 16% to 3,600 vehicles. And in Brazil, Mercedes-Benz Vans achieved strong growth of 33% to 2,000 units.

Worldwide unit sales by Daimler Buses of 4,900 buses and bus chassis were also lower than the prior-year figure of 7,700 units. This decrease is primarily due to the weaker chassis business in Latin America. Sales in that region amounted to 2,800 Mercedes-Benz bus chassis, following the introduction of Euro V emission regulations in Brazil. The business with complete buses in Europe and the United States remained stable at a low level.

Daimler Financial Services' new business increased compared with the prior-year period by 20% to €8.3 billion. Contract volume amounted to €71.6 billion at the end of the first quarter, remaining stable compared with the end of 2011. Adjusted for exchange-rate effects, the increase amounted to 1%.

The Daimler Group's first-quarter revenue increased by 9% to €27.0 billion. Adjusted for exchange-rate effects, revenue grew by 7%.

The Mercedes-Benz Cars division increased its revenue by 8% to €14.9 billion, primarily due to its successful unit sales in the United States (+17%) and Western Europe (+12%). Daimler Trucks actually increased its revenue by 18% to €7.4 billion; this was mainly the result of strong growth in the United States (+42%) and Asia (+31%). Mercedes-Benz Vans improved its revenue compared with the prior-year quarter by 6% to €2.1 billion. This revenue growth was supported by higher unit sales in the United States (+16%) and Brazil (+33%). Due to the significantly lower level of demand in Latin America, Daimler Buses was not able to match its revenue of the prior-year period (-12%). Financial Services was able to increase its new business in all major markets and its revenue grew by 3%.

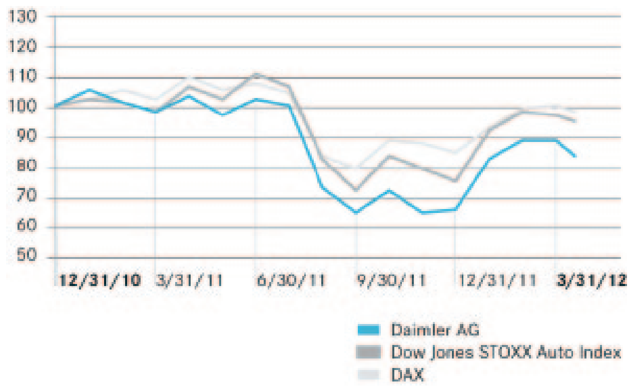
2.01
Unit sales by division

	Q1 2012	Q1 2011	% change
Daimler Group	502,086	461,742	+9
Mercedes-Benz Cars	338,303	310,717	+9
Daimler Trucks	107,664	89,260	+21
Mercedes-Benz Vans	51,223	54,018	-5
Daimler Buses	4,896	7,747	-37

2.02
Revenue by division

In millions of euros	Q1 2012	Q1 2011	% change
Daimler Group	27,011	24,729	+9
Mercedes-Benz Cars	14,937	13,860	+8
Daimler Trucks	7,383	6,242	+18
Mercedes-Benz Vans	2,088	1,977	+6
Daimler Buses	730	831	-12
Daimler Financial Services	3,140	3,034	+3

2.03
Shares price index



Profitability

The **Daimler Group** achieved EBIT of €2,130 million in the first quarter of 2012, which is slightly higher than the high prior-year level (Q1 2011: €2,031 million). ↗ 2.04

The development of earnings is primarily a reflection of the ongoing growth of unit sales at Mercedes-Benz Cars and Daimler Trucks. There were opposing, negative effects on earnings mainly from higher expenses relating to the expansion of the product portfolio, including the current product offensive at Daimler Trucks.

An additional factor is that the compounding of long-term provisions and the effects of lower applicable interest rates led to increased charges of €180 million (Q1 2011: €34 million). Exchange-rate effects positively impacted earnings.

2.04
EBIT by segment

In millions of euros	Q1 2012	Q1 2011	% change
Mercedes-Benz Cars	1,252	1,288	-3
Daimler Trucks	383	413	-7
Mercedes-Benz Vans	168	173	-3
Daimler Buses	-103	-33	.
Daimler Financial Services	344	321	+7
Reconciliation	86	-131	.
Daimler Group	2,130	2,031	+5

2.05
Special items affecting EBIT

In millions of euros	Q1 2012	Q1 2011
Daimler Trucks		
Natural disaster in Japan	-	-49
Daimler Buses		
Business repositioning	-36	-
Daimler Financial Services		
Natural disaster in Japan	-	-29

The decision to reposition the European business of Daimler Buses resulted in charges of €36 million in the first quarter of 2012. In the prior-year period, expenses were recognized in connection with the natural disaster in Japan of €49 million at Daimler Trucks and €29 million at Daimler Financial Services.

The special items shown in the table ↗ 2.05 affected EBIT in the first quarters of 2012 and 2011.

With EBIT of €1,252 million in the first quarter of this year, **Mercedes-Benz Cars** achieved earnings close to the level of the prior-year period (Q1 2011: €1,288 million). The division's return on sales was 8.4% (Q1 2011: 9.3%).

The development of earnings was primarily driven by ongoing growth in unit sales, especially in Europe and the United States. We achieved particularly high growth rates in the C-Class segment and with SUVs. Exchange-rate effects also positively impacted earnings. One of the reasons for the reduction in earnings was the temporarily weaker pricing in China. In addition, there were expenses in connection with the expansion of production capacities as well as higher advance expenditures for new vehicles and technologies. Furthermore, the compounding of non-current provisions and effects of changes in interest rates also led to higher charges on earnings.

The EBIT of €383 million posted by **Daimler Trucks** were lower than the division's prior-year earnings (Q1 2011: €413 million). Return on sales was 5.2% (Q1 2011: 6.6%).

Earnings were affected on the one hand by the positive development of unit sales and revenue in the NAFTA region and Asia. On the other hand, there were expenses relating to the current product offensive. There was another negative impact on earnings from decreasing unit sales in a difficult market environment in Latin America. The compounding of long-term provisions and the effects of lower applicable interest rates led to increased charges. In the prior-year quarter, expenses of €49 million were recognized in connection with the natural disaster in Japan.

Mercedes-Benz Vans achieved an operating profit of €168 million in the first quarter of the year (Q1 2011: €173 million). As a result, the division's return on sales amounted to 8.0% compared with 8.8% in the prior-year period.

The slight decrease in earnings is partially related to the lower unit sales and an unfavorable model-mix. Another factor is that research and development expenditures increased compared with the prior-year period. There were opposing, positive effects from lower warranty costs.

The EBIT of the **Daimler Buses** division was minus €103 million (Q1 2011: minus €33 million); return on sales was minus 14.1% (Q1 2011: minus 4.0%).

Lower unit sales (minus 37%) were the main reason for the worsened earnings situation. Shipments decreased compared with the high levels of the prior-year quarter, especially in Latin America. Furthermore, the repositioning of the European business decided upon in the first quarter of 2012 led to charges of €36 million.

Daimler Financial Services achieved earnings of €344 million in the first quarter of 2012, thus surpassing the prior-year figure of €321 million.

The main reason for this positive development was the increased contract volume compared with the first quarter of last year. On the other hand, there was a negative effect from lower interest margins. Prior-year earnings were reduced by charges of €29 million for anticipated losses of receivables in connection with the natural disaster in Japan.

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.

Daimler's proportionate share of the net profit of EADS in the first quarter of 2012 amounted to €133 million (Q1 2011: €74 million).

The reconciliation also includes expenses at the corporate level of €35 million (Q1 2011: expenses of €189 million). The prior-year period includes expenses related to legal proceedings. The elimination of intra-group transactions resulted in an expense of €12 million (Q1 2011: expense of €16 million).

The **net interest expense** of €151 million in the first quarter was close to the prior-year level (Q1 2011: net interest expense of €148 million). Increased expenses connected with pension and healthcare obligations were offset by lower other interest expense.

The first-quarter **income-tax expense** decreased by €140 million to €563 million despite a slight increase in profit before income taxes compared with the prior-year quarter. One of the main reasons for this decrease is that in the prior-year period, there was a higher tax expense in connection with the tax assessment of previous years.

Net profit increased to €1,416 million (Q1 2011: €1,180 million). For the first quarter of 2012, net profit of €78 million is attributable to minority interest (Q1 2011: €121 million). Net profit **attributable to the shareholders of Daimler AG** is €1,338 million (Q1 2011: €1,059 million). **Earnings per share** increased to €1.25 from €0.99 in the first quarter of 2011.

Cash flows

Net cash used in operating activities ↗ 2.06 of €0.5 billion was nearly unchanged compared with the first quarter of 2011. The positive impact of the improved net profit was primarily offset by the higher level of new business in the area of leasing and sales financing. Furthermore, there were additional negative effects on net cash used in operating activities from the development of inventories and the higher level of trade receivables due to increased unit sales. Positive effects resulted from the reduced income-tax payments (€0.4 billion; Q1 2011: €1.2 billion); the prior-year period was significantly affected by payments of income taxes for previous years in North America.

2.06

Condensed consolidated statement of cash flows

In millions of euros	Q1 2012	Q1 2011	Change
Cash and cash equivalents at beginning of period	9,576	10,903	-1,327
Net cash used in operating activities	-473	-520	+47
Net cash used in investing activities	-1,123	-899	-224
Net cash from/used in financing activities	3,886	-138	+4,024
Effect of exchange-rate changes on cash and cash equivalents	-29	-144	+115
Cash and cash equivalents at end of period	11,837	9,202	+2,635

2.07

Free cash flow of the industrial business

In millions of euros	Q1 2012	Q1 2011	Change
Net cash from/used in operating activities	-277	592	-869
Net cash used in investing activities	-1,061	-861	-200
Change in marketable debt securities	-630	-201	-429
Other adjustments	-9	-46	+37
Free cash flow of the industrial business	-1,977	-516	-1,461

2.08

Net liquidity of the industrial business

In millions of euros	March 31, 2012	Dec. 31, 2011	Change
Cash and cash equivalents	10,862	8,908	+1,954
Marketable debt securities	559	1,171	-612
Liquidity	11,421	10,079	+1,342
Financing liabilities	-1,311	2,275	-3,586
Market valuation and currency hedges for financing liabilities	-17	-373	+356
Financing liabilities (nominal)	-1,328	1,902	-3,230
Net liquidity	10,093	11,981	-1,888

2.09

Net debt of the Daimler Group

In millions of euros	March. 31, 2012	Dec. 31, 2011	Change
Cash and cash equivalents	11,837	9,576	+2,261
Marketable debt securities	1,723	2,281	-558
Liquidity	13,560	11,857	+1,703
Financing liabilities	-65,493	-62,167	-3,326
Market valuation and currency hedges for financing liabilities	-14	-369	+355
Financing liabilities (nominal)	-65,507	-62,536	-2,971
Net debt	-51,947	-50,679	-1,268

Net cash used in investing activities ↗ 2.06 amounted to €1.1 billion (Q1 2011: €0.9 billion). The change compared with the prior-year period was primarily the result of increased investment in property, plant and equipment and intangible assets. Capital contributions to Engine Holding and the joint venture of Daimler Trucks in China also led to higher outflows. There were opposing effects from acquisitions and sales of securities carried out in the context of liquidity management, which led to higher (net) cash inflows in the reporting period.

Net cash from financing activities ↗ 2.06 resulted in a net cash inflow of €3.9 billion in the first quarter (Q1 2011: outflow of €0.1 billion), which almost solely reflects new (net) borrowing.

Cash and cash equivalents increased compared with December 31, 2011 by €2.3 billion, after taking currency translation into account. Total liquidity, which also includes marketable debt securities, was increased by €1.7 billion to €13.6 billion in advance of the dividend distribution in April for the year 2011.

The parameter used by Daimler to measure the financing capability of the Group's industrial business is the **free cash flow of the industrial business** ↗ 2.07, 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 securities included in 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 primarily relate to additions to property, plant and equipment that are allocated to the Group as their beneficial owner due to the form of their underlying lease contracts. They also include acquisitions of minority interests in subsidiaries, which are reported as part of cash used for financing activities.

The free cash flow amounted to minus €2.0 billion in Q1 2012.

The positive profit contributions of the industrial business were offset by the increase in working capital, defined as the net change in inventories, trade receivables and trade payables with a total amount of €2.0 billion. Furthermore, high investments in property, plant and equipment and intangible assets as well as capital contributions to Engine Holding and the joint venture of Daimler Trucks in China led to cash outflows. In addition, income tax and interest payments reduced the free cash flow of the industrial business.

The **net liquidity of the industrial business** ↗ 2.08 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.

Compared with December 31, 2011, the net liquidity of the industrial business decreased by €1.9 billion to €10.1 billion. The reduction was mainly caused by the negative free cash flow.

Net debt at Group level, which primarily results from the refinancing of the leasing and sales financing business, increased by €1.3 billion compared with December 31, 2011. The increase was primarily the result of the negative free cash flow of the industrial business; there were smaller, opposing effects from currency translation. ↗ 2.09

Financial position

The Group's **balance sheet total** increased compared with December 31, 2011 by €4.6 billion to €152.7 billion. Adjusted for currency effects, there was an increase of €6.2 billion. The financial services business accounts for €75.8 billion of the balance sheet total (December 31, 2011: €75.6 billion), equivalent to 50% of the Daimler Group's total assets (December 31, 2011: 51%).

The increase in total assets is primarily due to higher levels of cash and cash equivalents and inventories. This increase is accompanied by higher financing liabilities and trade payables. Current assets account for 42% of total assets (December 31, 2011: 41%). Current liabilities account for 35% of total equity and liabilities (December 31, 2011: 37%). ↗ 2.10

2.10

Condensed consolidated statement of financial position

In millions of euros	March 31, 2012	Dec. 31, 2011	% change
Assets			
Intangible assets	8,326	8,259	+1
Property, plant and equipment	19,280	19,180	+1
Equipment on operating leases and receivables from financial services	68,252	68,378	0
Investments accounted for using the equity method	4,886	4,661	+5
Inventories	18,595	17,081	+9
Trade receivables	8,651	7,849	+10
Cash and cash equivalents	11,837	9,576	+24
Marketable debt securities	1,723	2,281	-24
Other financial assets	5,465	4,964	+10
Other assets	5,672	5,903	-4
Total assets	152,687	148,132	+3
Equity and liabilities			
Equity	42,840	41,337	+4
Provisions	18,831	19,137	-2
Financing liabilities	65,493	62,167	+5
Trade payables	10,156	9,515	+7
Other financial liabilities	8,466	9,693	-13
Other liabilities	6,901	6,283	+10
Total equity and liabilities	152,687	148,132	+3

The increase in **intangible assets** of €0.1 billion to €8.3 billion primarily reflects the capitalization of development costs at the Mercedes-Benz Cars segment.

Capital expenditure was higher than depreciation, causing **property, plant and equipment** to increase to €19.3 billion (December 31, 2011: €19.2 billion). Most of the total investment of €1.0 billion was at the sites in Germany; in addition to continual modernization, it was also for the launch of new products and the expansion of production capacities.

Equipment on operating leases and **receivables from financial services** decreased slightly to €68.3 billion (December 31, 2011: €68.4 billion). The increase after adjusting for currency effects of €0.8 billion was the result of increased new business due to the higher volumes of unit sales by the automotive divisions. Those assets account for 45% of total assets (December 31, 2011: 46%).

Investments accounted for using the equity method of €4.9 billion mainly comprise the carrying amounts of our investments in EADS, Engine Holding, Beijing Benz Automotive and Kamaz. The increase of €0.2 billion primarily reflects the cash contribution to Engine Holding.

Inventories increased by €1.5 billion to €18.6 billion, equivalent to 12% of total assets. The increase is mainly a reflection of higher stocks of finished goods in connection with unit sales and model changes. Due to the higher production volumes, stocks of raw materials, manufacturing supplies and work in progress also increased. Stocks of used cars decreased, however.

Trade receivables rose by €0.8 billion to €8.7 billion in connection with the higher unit sales in the first three months of the year 2012.

Cash and cash equivalents increased in advance of the dividend distribution due at the beginning of April by €2.3 billion to €11.8 billion.

Marketable debt securities were reduced compared with December 31, 2011 from €2.3 billion to €1.7 billion. Those assets include the debt instruments that are allocated to liquidity and are publicly traded.

Other financial assets increased from €5.0 billion to €5.5 billion. They mainly comprise investments and derivative financial instruments, as well as loans and other receivables due from third parties. Most of the increase is the result of the changed market values of derivative financial instruments.

Other assets of €5.7 billion (December 31, 2011: €5.9 billion) primarily comprise deferred tax assets and tax refund claims.

The Group's **equity** increased compared with December 31, 2011 by €1.5 billion to €42.8 billion. The increase amounts to €1.8 billion after adjusting for currency effects and primarily reflects the Group's net profit of €1.4 billion. Positive effects from the market valuation of financial instruments were partially offset by negative exchange-rate effects.

The **equity ratio** was 26.5% for the Group (December 31, 2011: 26.3%) and 45.4% for the industrial business (December 31, 2011: 46.4%). The equity ratios are adjusted for the dividend payment for the year 2011.

Provisions account for 12% of the balance sheet total. Most of them relate to warranty, personnel and pension obligations, and at €18.8 billion they were lower than at December 31, 2011 (€19.1 billion). The decrease mainly relates to provisions for income taxes.

Financing liabilities increased by €3.3 billion to €65.5 billion. The increase of €4.0 billion after adjusting for exchange-rate effects is mainly connected with liabilities from ABS transactions, bonds and liabilities to banks. Most of the financing liabilities are related to the leasing and sales financing business.

Trade payables increased by €0.6 billion to €10.2 billion, mainly as a result of the higher production volumes.

Other financial liabilities decreased to €8.5 billion (December 31, 2011: €9.7 billion). They mainly consist of liabilities from residual-value guarantees and wages and salaries, derivative financial instruments and accrued interest on financing liabilities. The decrease is related to derivative financial instruments as well as accrued interest on financing liabilities.

Other liabilities of €6.9 billion (December 31, 2011: €6.3 billion) primarily comprise deferred taxes, tax liabilities and deferred income. The increase is related to deferred taxes.

Workforce

At the end of the first quarter of 2012, Daimler employed 274,127 people worldwide (end of Q1 2011: 261,718). Of that total, 168,017 people were employed in Germany (end of Q1, 2011: 164,131), 21,520 in the United States (end of Q1, 2011: 18,736), 14,737 in Brazil (end of Q1 2011: 13,582) and 11,344 in Japan (end of Q1 2011: 12,703). Our consolidated subsidiaries in China employed 2,269 people at the end of the first quarter (end of Q1 2011: 1,663).

Mercedes-Benz opens new plant in Kecskemét, Hungary

Daimler inaugurated a new car plant in Kecskemét, Hungary on March 29, 2012. At the official opening, Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars, Plant Manager Frank Klein and Hungarian Prime Minister Viktor Orbán welcomed 600 Hungarian and German guests.

The expansion of the Mercedes-Benz product range in the premium compact-car segment with five instead of the current two models requires additional production capacities that cannot be fully covered by the plant in Rastatt, Germany. The production of the two plants will be closely coordinated. The Kecskemét plant has been designed to produce more than 100,000 cars each year. When fully operational, it will employ more than 2,500 people.

Risk report

Daimler's divisions are subject 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 113 to 120 and on page 125 of our Annual Report 2011, as well as to the notes on forward-looking statements at the end of this Interim Report.

Economic risks have shifted somewhat at the beginning of the second quarter of 2012, but they are still considerable. Especially in the European Monetary Union, there is an ongoing risk that the sovereign-debt crisis will flare up again, despite a slight improvement of the situation in recent months. It is true that there is currently no imminent danger of a Greek default due to the reduction in the country's debt burden and the measures taken by the European Central Bank. But the situation in Portugal remains uncertain and Spain has returned to the focus of investors' interest in recent weeks due to its clear failure to meet its budget targets for 2011 and the revision of targets for this year. If the crisis worsens again, there will be renewed turbulence in the financial markets and considerable consequences for the ailing banking sector as well as for the already weak economic development of the euro zone. In addition to the debt crisis in Europe, the biggest economic risk at present is the high volatility of raw-material prices, especially of crude oil. The price of oil has risen significantly in the recent past, primarily due to the geopolitical tension in the Middle East. Further escalation of the situation in that region could trigger an oil-price shock and constitute a major burden for global economic growth. On the other hand, risks connected with the development of the US economy have subsided. The economic outlook there has brightened in recent months, due above all to the improvement of the labor market. With regard to the Chinese economy, following the recent growth slowdown, the challenge remains of continuing the desired economic cooling-off with appropriate monetary and fiscal policies without triggering a slump. The risk for the Japanese economy caused by the ongoing overvaluation of the Japanese yen is also largely unchanged.

Outlook

At the beginning of the second quarter, most leading indicators suggest that the expansion of the **world economy** will not only continue as the year progresses, but could actually accelerate towards the end of the year. However, in view of the ongoing risks and market uncertainties, the upswing is still very fragile and sensitive to external disturbances. This applies in particular to the further development of the European Monetary Union (EMU), which will continue to be affected in the foreseeable future by the sovereign-debt crisis and budgetary consolidation actions. There are legitimate concerns that economic growth in the EMU could be negative again in the second quarter of 2012. But the decline should be less than in the first quarter and it is certainly possible that the level of the previous quarter will be maintained. But if the crisis does not get any worse, the recession in the European Monetary Union should be rather mild and of limited duration this year, although regional differences will be considerable. While some of the smaller countries on the periphery will pass through a deep recession and larger economies such as Italy and Spain will have negative growth, the economic outlook for Germany has brightened considerably and positive growth of around 1% is now indicated. The upward revision of growth forecasts for the United States is even more pronounced. Leading indicators suggest that the US economy is now on a path of expansion, but it remains relatively moderate by American standards with growth rates of around 2%. Due to the enormous increase in China's global importance, its economic development is crucial. Although the country's economic growth has become less dynamic, a rate of 8% is still possible this year. Whereas the other Asian economies should also post solid rates of expansion, economies in Eastern Europe and Latin America will probably expand at significantly lower rates than in 2011, despite an expected revival in the second half of this year. But with overall expansion of 5%, the emerging markets will once again grow significantly faster than the industrialized countries (1.0 to 1.5%) in the year 2012, resulting in total growth of 2.5 to 3% for the world economy.

The increase in global **demand for motor vehicles** should continue as the year progresses, whereby the strongest growth stimulus will be from the US and Japanese markets. Growth in registrations of new automobiles of approximately 4% is anticipated worldwide. In the United States, growth in demand for light vehicles of approximately 10% is to be expected, due to the improved economic prospects. This should result in total sales of 14 million light vehicles, which is the highest level in the last five years. The Japanese market will actually grow at a double-digit rate, thanks to ongoing catch-up effects and the return of state sales incentives. In Western Europe, however, the still-unresolved sovereign-debt crisis and the related economic weakness mean that another significant decrease in demand for cars is to be expected. This will reduce the total market volume to its lowest level for more than 15 years. The German market will not be able to completely avoid this trend, but demand should increase slightly. The Chinese car market is likely to continue its expansion, although with somewhat less dynamism than in 2011, but the premium segment should continue to grow at a disproportionately high rate. In India, following last year's pronounced growth slowdown, rather higher rates are anticipated once again. For the Brazilian market, only a slight increase in new registrations is to be expected once again. Demand for cars in Russia is likely to grow only moderately in 2012, following the strong recovery of the two previous years.

With regard to demand for medium and heavy trucks, the North American market is likely to be the most important driver of demand once again, with growth of between 15 and 20%. The best that can be expected for the truck market in the European Union, however, is demand at about the prior-year level due to the ongoing sovereign-debt crisis and the weak economy. The Japanese market will continue to profit from the ongoing reconstruction activities and should achieve growth of 15 to 20%. Due to the introduction of stricter emission standards similar to Euro V, demand in the Brazilian truck market is expected to decline by roughly 10 to 20%. For China, following the negative development of demand in 2011, new registrations of new trucks are expected to stabilize. The Indian market should be at least at the volume of last year, while significantly more moderate growth in demand is expected in Russia compared with the two previous years.

We expect an overall slight decline in the medium and large van segment of the European van market as a result of the debt crisis and its effects on the economy. This is primarily due to the weakness of markets in Southern Europe. The European market for small vans should expand slightly. After the market for large vans in the United States already developed very positively in 2011, we expect significant growth once again in 2012. We also anticipate further market growth in Latin America. Demand for medium and heavy vans is likely to decrease slightly in China.

We anticipate a stable development for buses in Western Europe. In view of the uncertain economic situation, the market is likely to remain at the relatively low level of the year 2011. In Latin America, we assume that demand will decrease in connection with the introduction of new emission norms.

On the basis of the divisions' planning, Daimler expects its **total unit sales** in the year 2012 to be higher than the figure of 2.1 million vehicles achieved in the year 2011.

Mercedes-Benz Cars assumes that it will further increase its unit sales this year and will grow faster than the market as a whole. We expect our unit sales in each of the remaining quarters of 2012 to be higher than in the prior-year periods. In 2012, we will profit from the continuation of strong demand for our cars in the C-Class segment. At the end of March, we launched a new model of the SL, our icon in the sports-car sector. We anticipate further growth for our SUVs, primarily due to the full availability of the new M-Class and as of September 2012 also of the new GL. In addition, the new generations of the GLK compact SUV and of the G-Class will be launched in June 2012. The new models in the high-volume compact-car segment will also contribute towards growth in unit sales; the new B-Class was launched in November 2011 with the new A-Class to follow this September. And a completely new automobile concept will come onto the market in September: the CLS Shooting Brake. In regional terms, we see further growth opportunities for 2012 above all in North America, as well as in China, India and Russia. For the smart brand, we expect an ongoing stable level of unit sales.

Daimler Trucks anticipates another rise in unit sales this year. In Europe, we intend to develop better than the market as a whole, thus further extending our market leadership. Our most important model in this respect is the new Actros. Market effects connected with the introduction of stricter emission regulations in Brazil mean that the sales situation there will be difficult, but we expect to maintain our good market position. Because the average age of trucks is still very high in the NAFTA region, we see a high demand for replacement vehicles and thus expect a renewed increase in unit sales in that market. We anticipate growth in unit sales also in Japan – driven by the reconstruction work following the natural disaster.

We are about to take another major step in the development of new sales markets: In India, we will start production of trucks under the BharatBenz brand in the third quarter. The products for the so-called modern domestic segment are more robust and have lower equipment levels than typical trucks in the industrialized countries, but feature better quality and fuel efficiency than the vehicles currently available on the Indian subcontinent. In the world's biggest truck market, China, Daimler Trucks is pursuing a dual strategy: the sale of high-value Mercedes-Benz trucks for the premium segment in parallel with the sale of trucks in the lower-priced volume market through our cooperation with Foton. The joint venture will begin to produce trucks under the Auman brand in the third quarter. We operate in Russia together with our strategic partner Kamaz. We are developing the growing Russian market through two joint ventures there and are thus further expanding Daimler Trucks' global presence.

Mercedes-Benz Vans assumes that it will further increase its unit sales in 2012. The launch of the new Citan in the small-van segment will help to revive our unit sales in Europe. Overall, we expect to maintain the 2011 level of unit sales in Europe. Furthermore, Mercedes-Benz Vans expects to sell more vehicles than in the prior year also in the United States. And we should be able to participate in the positive development of the Latin American markets due to the launch there of the current model generation of the Sprinter.

Daimler Buses anticipates lower unit sales in the year 2012, whereby complete buses should account for a larger proportion of total unit sales. We expect weaker demand this year above all in Latin America due to the introduction of the Euro V emission regulations, which led to purchases being brought forward in 2011. We anticipate a slight recovery of our business with complete buses in Europe.

Daimler Financial Services expects to achieve renewed growth in contract volume and new business in 2012. A normalization of credit risks is to be expected – and thus a moderate increase compared with the unusually low level of the year 2011.

Following the significant growth of the year 2011, we assume that the **Daimler Group's revenue** will increase again in the year 2012. In regional terms, we expect to see above-average growth rates in the emerging markets and in North America.

On the basis of current market expectations and the planning of our divisions, we aim for **the Daimler Group** to achieve **EBIT from the ongoing business** in 2012 that is in the magnitude of the prior year. This target is based on the assumption of currency exchange rates close to their present levels.

We have set the following targets for the divisions' EBIT from the ongoing business:
– Mercedes-Benz Cars: at the prior-year level
– Daimler Trucks: at least at the prior-year level
– Mercedes-Benz Vans: at least at the prior-year level
– Daimler Buses: below the prior-year level
– Daimler Financial Services: slightly below the prior-year level

Later this year, Daimler Buses anticipates expenses of up to €50 million from the repositioning of the European bus business and of approximately €60 million from the repositioning of the North American bus business.

Due to strong demand for our products, we assume that our worldwide **workforce** will expand compared with the end of 2011.

Mercedes-Benz Cars

Unit sales up by 9% to new record level
Successful market launch of new B-Class and world premiere of new A-Class
High utilization of production capacities and new plant in Kecskemét
EBIT of €1,252 million is close to prior-year level (Q1 2011: €1,288 million)

3.01

Amounts in millions of euros	Q1 2012	Q1 2011	% change
EBIT	1,252	1,288	-3
Revenue	14,937	13,860	+8
Unit sales	338,303	310,717	+9
Production	364,009	341,708	+7
Employees (March 31)	99,858	95,380	+5

3.02

Unit sales	Q1 2012	Q1 2011	% change
Total	338,303	310,717	+9
Western Europe	156,274	139,914	+12
Germany	64,668	55,749	+16
United States	68,603	58,610	+17
China	42,518	48,861	-13
Other markets	70,908	63,332	+12

New record for first-quarter unit sales
Mercedes-Benz Cars achieved a new record for unit sales in the first quarter of 2012. Total sales by the car division rose by 9% to 338,300 units (Q1 2011: 310,700). First-quarter revenue increased by 8% to €14.9 billion and EBIT amounted to €1,252 million (Q1 2011: €1,288 million).

Excellent market response to new models
In addition to the new B-Class and M-Class models, the current model series contributed to the strong sales performance in the first quarter of 2012. Thanks to high demand for the new B-Class, unit sales in the compact-car segment increased by 8% to 52,200 vehicles (Q1 2011: 48,200). Sales in the C-Class segment also increased by a strong 33% to 100,100 units (Q1 2011: 75,100). Demand in the luxury segment rose by 3% to 21,700 units (Q1 2011: 21,100). The S-Class continues to be the market leader in its category. In the E-Class segment, shipments decreased for lifecycle reasons to 75,600 units (Q1 2011: 83,100). Mercedes-Benz achieved a new record in the SUV segment: Because of the strong demand for the new M-Class, unit sales increased by another 6% to 61,300 vehicles (Q1 2011: 57,600). Due in particular to high growth rates in the United States, China and Germany, worldwide shipments of the smart fortwo rose by 12% to 27,300 units.

In regional terms, unit sales by Mercedes-Benz Cars in Western Europe were up by 12% to 156,300 vehicles. Shipments in Germany increased due to the success of the new models by 16% to 64,700 units (Q1 2011: 55,700). This makes Mercedes-Benz the premium brand with the highest unit sales in the domestic market. In the United States, unit sales rose by 17% to 68,600 vehicles. As a result of expanding the production capacity of the plant in Beijing and the related break in production, the availability of numerous models was very restricted in the Chinese market during the first quarter. Unit sales in China therefore decreased to 42,500 vehicles (Q1 2011: 48,900).

The heartbeat of a new generation
The focus of the Mercedes-Benz stand at the Geneva Motor Show was the world premiere of the new A-Class. This car opens a new chapter in the compact-car segment: The new A-Class has a very emotive design, is dynamic with engines from 80 kilowatts (109 horsepower) to 155 kW (211 hp), and is highly efficient with CO_2 emissions as low as 99 grams per kilometer. At the same time, the car makes it clear that safety is not a matter of price at Mercedes-Benz; standard equipment includes for example the radar-supported assistance system COLLISION PREVENTION ASSIST.

The all-new SL already had its world premiere at the beginning of the year in Detroit. The new model is made almost entirely of aluminum and weighs up to 140 kilograms less than its predecessor. Dynamism is ensured by the new BlueDIRECT engines. They are more powerful, but also up to about 30% more economical than the engines of the previous generation.

The M-Class is the best SUV and the super sports car SLS AMG Roadster is the best convertible. Those are the results of a readers' survey by "auto motor and sport," a German car magazine. The SLS has now received the title of "best car of the year" three times in a row. In addition, readers of the "Off Road" trade magazine voted the Mercedes-Benz G-Class "SUV of the year 2012" in two different categories.

New plant opened in Kecskemét
The Mercedes-Benz plants continue to operate at very good rates of capacity utilization. In addition to the existing plant in Rastatt, the B-Class is now also being produced in Kecskemét, Hungary. This new Mercedes-Benz plant, which produces the new generation of Mercedes-Benz compact cars in conjunction with Rastatt, was officially opened at the end of March.

Daimler Trucks

Significant growth in unit sales and revenue
Presentation of new-generation medium-duty engines
Product premiere of BharatBenz in India
EBIT of €383 million (Q1 2011: €413 million)

3.03

Amounts in millions of euros	Q1 2012	Q1 2011	% change
EBIT	383	413	-7
Revenue	7,383	6,242	+18
Unit sales	107,664	89,260	+21
Production	114,563	93,727	+22
Employees (March 31)	79,032	73,743	+7

3.04

Unit sales	Q1 2012	Q1 2011	% change
Total	107,664	89,260	+21
Western Europe	13,066	11,536	+13
Germany	6,401	5,190	+23
United States	27,432	19,264	+42
Latin America (excluding Mexico)	9,931	13,813	-28
Asia	40,047	30,464	+31
Other markets	17,188	14,183	+21

Significant growth in unit sales and revenue
Daimler Trucks increased its unit sales in the first quarter of 2012 by 21% to 107,700 vehicles. Revenue reached €7.4 billion (+18%). EBIT of €383 million includes expenses from the current product offensive and is 7% below the figure for the prior-year quarter.

Regionally different market developments
Worldwide unit sales of heavy and medium trucks increased significantly, although the individual markets developed very disparately.

Unit sales by **Trucks Europe/Latin America** of 30,800 vehicles in the first quarter were 5% lower than in the prior-year period. However, we increased our sales in Western Europe by 16% to 12,100 units. Thanks to this positive sales development, which is due to the excellent response to our products and in particular to the new Actros, we maintained our market leadership. Our market share in the medium and heavy segment is now 22.5% (Q1 2011: 20.8%). Unit sales in Eastern Europe increased by 6% to 6,000 units. In Brazil, the introduction of stricter emission standards led to a significant fall in unit sales.

Trucks NAFTA increased its unit sales once again. The ongoing high level of overall demand caused by the need to replace older vehicles was reflected by a 41% increase in unit sales to 33,400 vehicles. As a result, our market share in Class 6-8 of 37.0% remained at the high level of the prior-year period. A major argument for customers to buy our products is our leading position for environmentally friendly, resource-efficient and sustainable transport solutions. For example, we are the only manufacturer in the NAFTA region to have already certified its complete product range according to the “Greenhouse Gas 2014 Regulations” (GHG14), which will apply in the United States as of 2013.

Unit sales at **Trucks Asia** also developed positively compared with the first quarter of last year and reached 43,400 vehicles (+31%). This development was primarily driven by the ongoing market recovery after the natural disaster in Japan a year ago. Furthermore, we were able to increase our market share in Japan, especially in the medium and heavy segment, where it rose to 20.3% (Q1 2011: 17.2%). This was mainly due to the excellent response to the Fuso Fighter and the Super Great. We also clearly maintained our leading position in the truck segment in Taiwan and Indonesia.

New generation of medium-duty engines
With the completely newly developed generation of medium-duty engines, Daimler is expanding its portfolio to offer a full range of engines fulfilling the future Euro VI emission standards. So once again, Mercedes-Benz engines are assuming a leading role for environmental protection. Apart from being cleaner, the new engines are extremely economical, offering the attractive features of durability, low consumption of fuel, lubricants and additives, and long maintenance intervals.

New jobs in North America
In view of the ongoing positive market development, Daimler Trucks is expanding its production capacity at the biggest Freightliner plant in the United States in Cleveland, North Carolina. Approximately 1,000 new jobs are being created. Class 8 heavy trucks are produced in Cleveland, including the models Cascadia, Columbia and Argosy.

New Canter 4x4
Since February, the completely revised Fuso Canter has been available for the first time with four-wheel drive also in Europe. All-wheel drive can be switched on and off while driving to allow better fuel efficiency.

BharatBenz product premiere
At the product premiere in India, Daimler Trucks presented the first trucks of the new BharatBenz brand to future dealers and customers, as well as to media representatives. The first trucks for the Indian volume segment will roll off the assembly lines in the third quarter of this year, and the complete product range of 17 trucks will be available by the year 2014.

Mercedes-Benz Vans

Sales of 51,200 units below prior-year level (Q1 2011: 54,000)
Mercedes-Benz Vans remains on long-term growth path
Upcoming entry into promising small-van segment
EBIT of €168 million (Q1 2011: €173 million)

3.05

Amounts in millions of euros	Q1 2012	Q1 2011	% change
EBIT	168	173	-3
Revenue	2,088	1,977	+6
Unit sales	51,223	54,018	-5
Production	62,974	64,272	-2
Employees (March 31)	14,907	14,532	+3

3.06

Unit sales	Q1 2012	Q1 2011	% change
Total	51,223	54,018	-5
Western Europe	34,394	37,532	-8
Germany	13,445	14,635	-8
Eastern Europe	4,597	4,672	-2
United States	3,557	3,061	+16
Latin America (excluding Mexico)	2,946	2,674	+10
China	1,061	2,040	-48
Other markets	4,668	4,039	+16

Earnings maintained at a high level
Unit sales by Mercedes-Benz Vans decreased in the first quarter of 2012 to 51,200 vans, primarily due to the market weakness in Western Europe (Q1 2011: 54,000). Revenue of €2.1 billion was above the prior-year level (Q1 2011: €2.0 billion) while EBIT amounted to €168 million (Q1 2011: €173 million).

Mercedes-Benz Vans remains on long-term growth path
In a situation of a slight downward tendency in major European markets, unit sales by Mercedes-Benz Vans were 5% below the level of the prior-year quarter. In Western Europe, sales in the first three months of this year were down by 8% to 34,400 units. Sales of 4,600 vans in Eastern Europe almost matched the figure for the first quarter of last year (Q1 2011: 4,700).

In the United States, the van division continued to profit from the positive market response to the Sprinter model, with unit sales increasing by 16% to 3,600 vehicles. In Brazil, Mercedes-Benz Vans achieved strong growth of 33% to 2,000 units. In China, the negative development of the national van market had an impact. Additional factors in that market were model changes and model upgrades, resulting in a 48% decrease in unit sales to 1,100 vehicles.

Worldwide sales of the Sprinter of 32,700 units in the first quarter of 2012 were at the prior year level. Unit sales of the Vito and Viano models decreased to 17,900 from 20,200 in the first quarter of last year.

New-generation Sprinter for Latin America
Since the beginning of this year, we have been producing the current generation of the Mercedes-Benz Sprinter primarily as a bus version in our plant in Buenos Aires, Argentina. As a result, Mercedes-Benz Vans has significantly expanded its product portfolio in the Latin American markets and will be able to benefit from the rapidly growing demand for passenger transport.

Citan: the new Mercedes-Benz urban delivery van
In February 2012, Mercedes-Benz Vans announced the name of its new city van: Mercedes-Benz Citan. By entering the growth market of small vans, we intend to extend our leading position in the van business in Europe. The newly developed Citan is aimed at commercial customers and rounds off the attractive product portfolio of Mercedes-Benz Vans. The market launch of the Citan is planned for this year's IAA Commercial Vehicles Show. The Citan is the first vehicle from the strategic partnership between Daimler and Renault-Nissan.

World premiere of the Mercedes-Benz Vito E-Cell Kombi in Geneva
At the Geneva Motor Show in March 2012, we presented the Mercedes-Benz Vito E-CELL Kombi, the world's first series-produced seven-seat vehicle to allow locally emission-free mobility.

Daimler Buses

Unit sales below prior-year period at 4,900 buses and chassis
Start of growth-and-efficiency offensive
Major order for Mercedes-Benz city buses in Istanbul
EBIT of minus €103 million (Q1 2011: minus €33 million)

3.07

Amounts in millions of euros	Q1 2012	Q1 2011	% change
EBIT	-103	-33	.
Revenue	730	831	-12
Unit sales	4,896	7,747	-37
Production	6,370	8,145	-22
Employees (March 31)	17,569	17,194	+2

3.08

Unit sales	Q1 2012	Q1 2011	% change
Total	4,896	7,747	-37
Western Europe	632	619	+2
Germany	209	226	-8
NAFTA	552	632	-13
Latin America (excluding Mexico)	2,790	5,569	-50
Asia	269	312	-14
Other markets	653	615	+6

Revenue and earnings impacted by weaker demand in Latin America
Worldwide unit sales of 4,900 buses and bus chassis by Daimler Buses in the first quarter of 2012 were below the prior-year number of 7,700 units. The decrease is primarily due to weaker demand for bus chassis in Latin America. The business with complete buses in Europe and the United States remained stable at a low level. In line with the development of unit sales, revenue of €730 million was lower than in the prior-year period (Q1 2011: €831 million). EBIT amounted to minus €103 million (Q1 2011: minus €33 million).

Lower unit sales in Latin America, as expected
First-quarter unit sales in Western Europe of 600 complete buses and bus chassis of the Mercedes-Benz and Setra brands were 2% higher than in the prior-year period. While growth was achieved with city buses, unit sales of coaches decreased slightly. In Germany, sales of 200 units did not quite reach level of the first quarter of 2011.

In the NAFTA region, Daimler Buses' unit sales decreased by 13% to 600 units.

Unit sales in Latin America decreased as expected following the introduction of the Euro V emission standards in Brazil, the region's biggest market. In the first quarter of this year, we sold 2,800 chassis of the Mercedes-Benz brand; this represents a decrease of 50% compared with the prior-year period.

Start of "Globe 2013" growth-and-efficiency offensive
As a major element of its strategy, Daimler Buses has started its "GLOBE 2013" growth-and-efficiency offensive. The program is designed to achieve the targeted 6% return on sales in the coming years, and is being rolled out over the entire value chain and at all of the division's sites. One goal is the more intensive networking of all the plants in the European production network. Within the context of "GLOBE 2013," Daimler Buses will also utilize existing growth potential in its traditional markets while further expanding its business in new markets.

Major order for 221 Mercedes-Benz city buses in Istanbul
A new major order for 221 Mercedes-Benz Conecto articulated buses is the result of a tender initiated by Istanbul Electricity, Tramway and Tunnel General Management (IETT) for the renewal of the fleet of city buses in the Turkish metropolis. We are thus continuing a partnership of more than 40 years with this public-transport company, which is showing its confidence in our attractive Mercedes-Benz products with more than a 50% share of its fleet. Owning a total of approximately 3,000 city buses, IETT aims to make public transport in Istanbul even more reliable and environmentally friendly.

Active Brake Assist 2 in the Mercedes-Benz Travego
Mercedes-Benz is introducing the second generation of Active Brake Assist in its Travego flagship. The new generation of the multiple prize-winning Active Brake Assist – also known as emergency brake assistant – now also recognizes stationary obstacles ahead of the vehicle.

Daimler Financial Services

New business up by 20%
New records in the insurance business
car2go wins tender in Birmingham
EBIT increases by 7% to €344 million

3.09

Amounts in millions of euros	Q1 2012	Q1 2011	% change
EBIT	344	321	+7
Revenue	3,140	3,034	+3
New business	8,257	6,906	+20
Contract volume (March 31)	71,587	61,702	+16
Employees (March 31)	7,262	6,699	+8

Good business development in the first quarter
Daimler Financial Services' business continued to develop positively in the first quarter. Worldwide, approximately 234,000 new leasing and financing contracts worth a total of €8.3 billion were concluded, representing growth of 20% compared with the prior-year period. Contract volume amounted to €71.6 billion at the end of the first quarter of 2012, remaining stable compared with the end of 2011. Adjusted for exchange-rate effects, there was an increase of 1%. EBIT of €344 million surpassed the earnings of the prior-year quarter by 7%.

Increased new business in Europe
In Europe, new business of €3.8 billion was 18% above the volume of the first quarter of 2011. The new business of the Mercedes-Benz Bank in Germany grew by 13% compared with the prior-year period. Daimler Financial Services achieved strong market growth in Russia (+106%) and Turkey (+86%). Contract volume of €31.4 billion at the end of the quarter was stable compared with the end of 2011. In the direct banking business, Mercedes-Benz Bank's total deposit volume rose to €11.1 billion.

Gains in the Americas and Africa & Asia-Pacific
New business in the Americas region amounted to €3.2 billion, which is 15% more than in the prior-year quarter. Demand for our automotive financial services was particularly strong in Canada (+24%) and Brazil (+19%). Contract volume of €30.2 billion was fairly stable compared with the end of 2011.

In the Africa & Asia-Pacific region, new business increased compared with the first quarter of 2011 by 41% to €1.3 billion. In China, there was an increase of 62% to €375 million. Contract volume in the Africa & Asia-Pacific region increased to €10.0 billion at the end of March, which is slightly higher than at the end of 2011. In India at the beginning of March, we introduced the BharatBenz Financial brand, under which Daimler Financial Services will provide tailored financial services in the truck segment.

New records in the insurance business
In the insurance business, Daimler Financial Services brokered 20% more automotive policies than in the prior-year quarter. Worldwide, approximately 234,000 insurance contracts were concluded, more than ever before in a first quarter. Demand for insurance services remained especially strong in the growth markets: In China alone, Daimler Financial Services brokered 20,000 policies.

car2go starts operations in additional cities
Growth continued in the area of innovative mobility services in the first quarter of 2012. In February, car2go started business operations in Lyon and Düsseldorf, followed in March by Portland and Washington, DC in the United States. Also in March, car2go won a tender by the city of Birmingham in the United Kingdom. In total, car2go had more than 75,000 registered customers in eleven cities in Europe and North America at the end of the first quarter.

Toll Collect to charge tolls on non-autobahn highways
In the future, Toll Collect GmbH will charge tolls for trucks also on selected non-autobahn highways in Germany. An agreement on those tolls was signed with the Federal Republic of Germany in the first quarter of this year. Daimler Financial Services holds a 45% equity interest in the Toll Collect consortium.

Consolidated Statement of Income (Unaudited)

4.01

In millions of euros	Consolidated Group Q1 2012	Consolidated Group Q1 2011	Industrial Business (unaudited additional information) Q1 2012	Industrial Business (unaudited additional information) Q1 2011	Daimler Financial Services (unaudited additional information) Q1 2012	Daimler Financial Services (unaudited additional information) Q1 2011
Revenue	27,011	24,729	23,871	21,695	3,140	3,034
Cost of sales	-20,665	-18,800	-18,100	-16,290	-2,565	-2,510
Gross profit	6,346	5,929	5,771	5,405	575	524
Selling expenses	-2,391	-2,120	-2,302	-2,041	-89	-79
General administrative expenses	-931	-934	-797	-814	-134	-120
Research and non-capitalized development costs	-1,041	-953	-1,041	-953	-	-
Other operating income	289	231	281	218	8	13
Other operating expense	-74	-166	-69	-157	-5	-9
Share of profit/loss from investments accounted for using the equity method, net	98	57	103	60	-5	-3
Other financial expense, net	-166	-13	-160	-8	-6	-5
Earnings before interest and taxes (EBIT)[1]	2,130	2,031	1,786	1,710	344	321
Interest income	235	210	235	210	-	-
Interest expense	-386	-358	-383	-355	-3	-3
Profit before income taxes	1,979	1,883	1,638	1,565	341	318
Income taxes	-563	-703	-444	-576	-119	-127
Net profit	1,416	1,180	1,194	989	222	191
Thereof profit attributable to non-controlling interest	78	121				
Thereof profit attributable to shareholders of Daimler AG	1,338	1,059				
Earnings per share (in €) for profit attributable to shareholders of Daimler AG						
Basic	1.25	0.99				
Diluted	1.25	0.99				

1 EBIT includes expenses from the compounding of provisions and the effects of changes in discount rates (2012: minus €180 million; 2011: minus €34 million).

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

Consolidated Statement of Comprehensive Income/Loss (Unaudited)

4.02

In millions of euros	Consolidated Group Q1 2012	Q1 2011
Net profit	1,416	1,180
Unrealized losses on currency translation	-278	-658
Unrealized gains/losses on financial assets available for sale	282	-161
Unrealized gains on derivative financial instruments	481	497
Unrealized losses on investments accounted for using the equity method	-123	-113
Other comprehensive income/loss, net of taxes	362	-435
Thereof loss attributable to non-controlling interest	-62	-64
Thereof income/loss attributable to shareholders of Daimler AG	424	-371
Total comprehensive income	1,778	745
Thereof income attributable to non-controlling interest	16	57
Thereof income attributable to shareholders of Daimler AG	1,762	688

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

Consolidated Statement of Financial Position

4.03

In millions of euros	Consolidated Group March 31, 2012 (unaudited)	Consolidated Group Dec. 31, 2011	Industrial Business (unaudited additional information) March 31, 2012	Industrial Business (unaudited additional information) Dec. 31, 2011	Daimler Financial Services (unaudited additional information) March 31, 2012	Daimler Financial Services (unaudited additional information) Dec. 31, 2011
Assets						
Intangible assets	8,326	8,259	8,267	8,200	59	59
Property, plant and equipment	19,280	19,180	19,230	19,129	50	51
Equipment on operating leases	23,060	22,811	11,014	10,849	12,046	11,962
Investments accounted for using the equity method	4,886	4,661	4,862	4,631	24	30
Receivables from financial services	25,243	25,007	-31	-32	25,274	25,039
Marketable debt securities	1,079	947	14	14	1,065	933
Other financial assets	3,557	2,957	-119	-367	3,676	3,324
Deferred tax assets	2,429	2,772	1,890	2,244	539	528
Other assets	431	420	-1,643	-1,637	2,074	2,057
Total non-current assets	88,291	87,014	43,484	43,031	44,807	43,983
Inventories	18,595	17,081	18,220	16,575	375	506
Trade receivables	8,651	7,849	8,344	7,580	307	269
Receivables from financial services	19,949	20,560	-44	-52	19,993	20,612
Cash and cash equivalents	11,837	9,576	10,862	8,908	975	668
Marketable debt securities	644	1,334	545	1,157	99	177
Other financial assets	1,908	2,007	-5,072	-5,120	6,980	7,127
Other assets	2,812	2,711	544	429	2,268	2,282
Total current assets	64,396	61,118	33,399	29,477	30,997	31,641
Total assets	152,687	148,132	76,883	72,508	75,804	75,624
Equity and liabilities						
Share capital	3,060	3,060				
Capital reserves	11,893	11,895				
Retained earnings	25,565	24,228				
Other reserves	865	441				
Treasury shares	-	-				
Equity attributable to shareholders of Daimler AG	41,383	39,624				
Non-controlling interest	1,457	1,713				
Total equity	42,840	41,337	37,251	35,964	5,589	5,373
Provisions for pensions and similar obligations	3,311	3,184	3,110	2,985	201	199
Provisions for income taxes	2,350	2,498	2,349	2,496	1	2
Provisions for other risks	5,821	5,626	5,691	5,494	130	132
Financing liabilities	39,494	35,466	11,754	10,250	27,740	25,216
Other financial liabilities	1,745	1,911	1,680	1,840	65	71
Deferred tax liabilities	1,444	1,081	-591	-920	2,035	2,001
Deferred income	2,161	2,118	1,715	1,675	446	443
Other liabilities	42	56	38	50	4	6
Total non-current liabilities	56,368	51,940	25,746	23,870	30,622	28,070
Trade payables	10,156	9,515	9,819	9,233	337	282
Provisions for income taxes	921	1,030	870	921	51	109
Provisions for other risks	6,428	6,799	6,146	6,473	282	326
Financing liabilities	25,999	26,701	-10,443	-12,525	36,442	39,226
Other financial liabilities	6,721	7,782	5,000	6,276	1,721	1,506
Deferred income	1,538	1,548	1,063	1,064	475	484
Other liabilities	1,716	1,480	1,431	1,232	285	248
Total current liabilities	53,479	54,855	13,886	12,674	39,593	42,181
Total equity and liabilities	152,687	148,132	76,883	72,508	75,804	75,624

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

Consolidated Statement of Changes in Equity (Unaudited)

4.04

				Other reserves							
In millions of euros	Share capital	Capital reserves	Retained earnings	Currency translation	Financial assets available for sale	Derivative financial instru-ments	Share of invest-ments accounted for using the equity method	Treasury shares	**Equity attri-butable to share-holders of Daimler AG**	Non-controlling interest	**Total equity**
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
Balance at January 1, 2012	**3,060**	**11,895**	**24,228**	**1,049**	**71**	**-651**	**-28**	**-**	**39,624**	**1,713**	**41,337**
Net profit	**-**	**-**	**1,338**	**-**	**-**	**-**	**-**	**-**	**1,338**	**78**	**1,416**
Unrealized gains/losses	**-**	**-**	**-**	**-261**	**286**	**676**	**–118**	**-**	**583**	**-82**	**501**
Deferred taxes on unrealized gains/losses	**-**	**-**	**-**	**-**	**-4**	**-195**	**40**	**-**	**-159**	**20**	**-139**
Total comprehensive income/loss	**-**	**-**	**1,338**	**-261**	**282**	**481**	**-78**	**-**	**1,762**	**16**	**1,778**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-278**	**-278**
Share-based payment	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**-**	**2**
Capital Increase/ Issue of new shares	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**4**	**5**
Acquisition of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-25**	**-25**	**-**	**-25**
Issue and disposal of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25**	**25**	**-**	**25**
Other	**-**	**-5**	**-1**	**-**	**-**	**-**	**-**	**-**	**-6**	**2**	**-4**
Balance at March 31, 2012	**3,060**	**11,893**	**25,565**	**788**	**353**	**-170**	**-106**	**-**	**41,383**	**1,457**	**42,840**

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

Consolidated Statement of Cash Flows (Unaudited)

4.05

	Consolidated Group		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
In millions of euros	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011
Profit before income taxes	1,979	1,883	1,638	1,565	341	318
Depreciation and amortization	1,019	899	1,014	894	5	5
Other non-cash expense and income	-98	-37	-108	-52	10	15
Gains/losses on disposals of assets	-19	-11	-24	-10	5	-1
Change in operating assets and liabilities						
Inventories	-1,726	-1,578	-1,803	-1,635	77	57
Trade receivables	-945	-408	-903	-351	-42	-57
Trade payables	769	838	708	821	61	17
Receivables from financial services	-153	-61	-	65	-153	-126
Vehicles on operating leases	-610	-127	-31	-38	-579	-89
Other operating assets and liabilities	-267	-701	-443	-657	176	-44
Income taxes paid	-422	-1,217	-325	-10	-97	-1,207
Net cash from/used in operating activities	-473	-520	-277	592	-196	-1,112
Additions to property, plant and equipment	-1,042	-757	-1,038	-754	-4	-3
Additions to intangible assets	-390	-363	-387	-361	-3	-2
Proceeds from disposals of property, plant and equipment and intangible assets	55	48	54	46	1	2
Investments in interests in companies	-267	-15	-262	-15	-5	-
Proceeds from disposals of interests in companies	6	13	6	13	-	-
Acquisition of marketable debt securities	-775	-1,186	-572	-1,102	-203	-84
Proceeds from sales of marketable debt securities	1,351	1,355	1,202	1,303	149	52
Other	-61	6	-64	9	3	-3
Net cash used in investing activities	-1,123	-899	-1,061	-861	-62	-38
Change in financing liabilities	3,909	-102	3,358	-1,755	551	1,653
Dividends paid to non-controlling interest	-3	-20	-2	-20	-1	-
Proceeds from issuance of share capital	5	28	5	28	-	-
Purchase of treasury shares	-25	-28	-25	-28	-	-
Purchase of non-controlling interest in subsidiaries	-	-16	-	-16	-	-
Internal equity transactions	-	-	-17	914	17	-914
Net cash from/used in financing activities	3,886	-138	3,319	-877	567	739
Effect of foreign exchange-rate changes on cash and cash equivalents	-29	-144	-27	-124	-2	-20
Net increase/decrease in cash and cash equivalents	2,261	-1,701	1,954	-1,270	307	-431
Cash and cash equivalents at beginning of period	9,576	10,903	8,908	9,535	668	1,368
Cash and cash equivalents at end of period	11,837	9,202	10,862	8,265	975	937

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

Notes to the Interim Consolidated Financial Statements (Unaudited)

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 the 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 (€). Unless otherwise stated, all amounts are stated in millions of euros. All figures shown are rounded in accordance with standard business rounding principles.

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, 2011 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, 2011.

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 the Daimler Financial Services business 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 can differ from those estimates. Changes in the estimates, assessments and assumptions can have a material impact on the consolidated financial statements.

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

MBtech Group. On December 7, 2011, Daimler and AKKA Technologies SA signed a contract on the sale of a 65% interest in the Daimler subsidiary MBtech Group GmbH & Co. KGaA (MBtech Group). The transaction was concluded on April 12, 2012. At March 31, 2012, the assets and liabilities of MBtech Group amounted to €85 million and €78 million (At December 31, 2011: assets and liabilities of €90 million and €78 million). Fair-value measurement did not result in any impairment loss. Due to the minor significance for the Daimler Group's financial position, cash flows and profitability, the disposal of these assets and liabilities is not presented separately in the consolidated statement of financial position. After conclusion of the transaction, the remaining equity interest in MBtech Group is accounted for using the equity method. MBtech Group is allocated to the Mercedes-Benz Cars segment.

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

3. Revenue

Revenue at Group level consists of the following:

4.06
Revenue

In millions of euros	Q1 2012	Q1 2011
Revenue from the sale of goods	23,847	21,690
Revenue from the rental and leasing business	2,297	2,232
Interest from the financial services business at Daimler Financial Services	785	719
Revenue from the provision of other services	82	88
	27,011	24,729

4. Functional costs

Optimization program at Daimler Buses. Daimler Buses decided in the first quarter of 2012 to restructure some sections of its business system. The first step is to define measures to improve efficiency and generate growth in order to increase the market shares of buses in Western Europe, to adapt the product portfolios to changed market requirements and to reduce cost positions. Among other things, the production network will also be optimized. In March 2012, the Board of Management announced the reduction of up to ten per cent of the workforce of EvoBus GmbH and of some subsidiaries in Western Europe. This headcount reduction should be achieved with socially acceptable measures.

Expenses recorded in this regard in the first quarter of 2012 amounted to €36 million and primarily relate to personnel measures at EvoBus GmbH. In the consolidated statement of income for the period ended March 31, 2012, these expenses are included in cost of sales (€27 million), selling expenses (€4 million), general administrative expenses (€2 million) and research and non-capitalized development costs (€3 million). As of March 31, 2012, the provision recognized for these measures amounted to €35 million. The Group anticipates further expenses of up to €50 million in 2012.

Furthermore, at the end of April 2012, the Board of Management of Daimler AG decided to restructure the activities of Daimler Buses in North America. The plans made in this context include discontinuing the production of city buses and adjusting the sales activities for coaches. The Group expects the implementation of these measures to lead to expenses of approximately €60 million in the year 2012; those expenses will be allocated to the Daimler Buses segment.

5. Interest income and expense

Interest income and expense are comprised as follows:

4.07
Interest Income and expense

In millions of euros	Q1 2012	Q1 2011
Interest income		
Expected return on pension and other post-employment benefit plan assets	148	154
Interest and similar income	87	56
	235	210
Interest expense		
Interest cost for pension and other post-employment benefit plans	-274	-246
Interest and similar expenses	-112	-112
	-386	-358

6. Intangible assets

Intangible assets are comprised as follows:

4.08
Intangible assets

In millions of euros	March 31, 2012	Dec. 31, 2011
Goodwill	726	736
Development costs	6,760	6,659
Other intangible assets	840	864
	8,326	8,259

7. Property, plant and equipment

Property, plant and equipment consist of the following:

4.09
Property, plant and equipment

In millions of euros	March 31, 2012	Dec. 31, 2011
Land, leasehold improvements and buildings including buildings on land owned by others	6,755	6,894
Technical equipment and machinery	6,081	5,922
Other equipment, factory and office equipment	4,431	4,467
Advance payments relating to plant and equipment and construction in progress	2,013	1,897
	19,280	19,180

In the first quarter of 2012, additions to property, plant and equipment amounted to €1,051 million (2011: €785 million). Depreciation for the first quarter of 2012 was €727 million (2011: €665 million).

8. Equipment on operating leases

At March 31, 2012, the carrying amount of equipment on operating leases amounted to €23,060 million (December 31, 2011: €22,811 million). In the three months ended March 31, 2012, additions and disposals amounted to €2,970 million and €1,519 million respectively (2011: €2,664 million and €1,710 million). Depreciation for the first quarter of 2012 was €868 million (2011: €857 million). Other changes primarily include effects from currency translation.

9. Investments accounted for using the equity method

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

4.10

Investments accounted for using the equity method

Amounts in millions of euros	EADS	Engine Holding	Tognum	BBAC	Kamaz	Others[1]	Total
March 31, 2012							
Equity interest (in %)	**22.5**	**50.0**	**-**	**50.0**	**15.0**	**-**	**-**
Equity investment	**2,480**	**1,475**	**-**	**318**	**155**	**458**	**4,886**
Equity result (first quarter of 2012)[2]	**133**	**9**	**-**	**-11**	**7**	**-40**	**98**
December 31, 2011							
Equity interest (in %)	22.5	50.0	-	50.0	15.0	-	-
Equity investment	2,475	1,255	-	339	139	453	4,661
Equity result (first quarter of 2011)[2]	74	-	-2	27	-1	-41	57

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

Engine Holding. In the first quarter of 2012, the agreed contribution by Rolls-Royce to Engine Holding of the reciprocating-engine business that trades under the Bergen brand was completed. In this context, Daimler made a cash contribution of €200 million into the capital reserves of Engine Holding. See also Note 18.

10. Receivables from financial services

Receivables from financial services are comprised as shown in the following table:

4.11

Receivables from financial services

		March 31, 2012			December 31, 2011	
In millions of euros	Current	Non-current	Total	Current	Non-current	Total
Receivables from						
Retail	**12,698**	**23,765**	**36,463**	13,174	23,234	36,408
Wholesale	**7,581**	**1,386**	**8,967**	7,718	1,434	9,152
Other	**111**	**615**	**726**	115	838	953
Gross carrying amount	**20,390**	**25,766**	**46,156**	21,007	25,506	46,513
Allowances for doubtful accounts	**-441**	**-523**	**-964**	-447	-499	-946
Carrying amount, net	**19,949**	**25,243**	**45,192**	20,560	25,007	45,567

11. Inventories

Inventories are comprised as follows:

4.12
Inventories

In millions of euros	March 31, 2012	Dec. 31, 2011
Raw materials and manufacturing supplies	1,955	1,802
Work in progress	2,719	2,451
Finished goods, parts and products held for resale	13,820	12,737
Advance payments to suppliers	101	91
	18,595	17,081

12. Equity

Employee share purchase plan. In the first quarter of 2012, 0.5 million Daimler shares were purchased and reissued to employees in connection with an employee share purchase plan.

Dividend. The Annual Shareholders' Meeting held on April 4, 2012 authorized Daimler to distribute a dividend of €2,346 million (€2.20 per share) from the distributable profit for 2011 of Daimler AG. The dividend was paid out on April 5, 2012.

13. Pensions and similar obligations

Pension cost. The components of pension cost included in the consolidated statement of income are as shown in table ↗ **4.13**.

Contributions by the employer to plan assets. In the three months ended March 31, 2012, contributions by Daimler to the Group's pension plans were €51 million.

4.13
Pensions and similar obligations

	Q1 2012			Q1 2011		
In millions of euros	Total	German plans	Non-German plans	Total	German plans	Non-German plans
Current service cost	-97	-75	-22	-87	-71	-16
Interest cost	-216	-184	-32	-211	-183	-28
Expected return on plan assets	146	117	29	156	131	25
Amortization of net actuarial losses	-40	-34	-6	-23	-19	-4
	-207	-176	-31	-165	-142	-23

14. Provisions for other risks

Provisions for other risks are comprised as shown in table ↗ 4.14.

4.14
Provisions for other risks

In millions of euros	Current	Non-current	March 31, 2012 Total	Current	Non-current	December 31, 2011 Total
Product warranties	2,492	3,064	5,556	2,694	2,914	5,608
Personnel and social costs	1,448	1,455	2,903	1,679	1,431	3,110
Other	2,488	1,302	3,790	2,426	1,281	3,707
	6,428	5,821	12,249	6,799	5,626	12,425

15. Financing liabilities

Financing liabilities are comprised as follows:

4.15
Financing liabilities

In millions of euros	Current	Non-current	March 31, 2012 Total	Current	Non-current	December 31, 2011 Total
Notes/bonds	3,978	23,499	27,477	5,594	20,725	26,319
Commercial paper	1,668	-	1,668	1,233	-	1,233
Liabilities to financial institutions	10,418	9,279	19,697	10,574	8,601	19,175
Deposits in the direct banking business	7,086	3,989	11,075	7,012	4,023	11,035
Liabilities from ABS transactions	2,256	2,276	4,532	1,534	1,654	3,188
Liabilities from finance leases	81	342	423	91	373	464
Loans, other financing liabilities	512	109	621	663	90	753
	25,999	39,494	65,493	26,701	35,466	62,167

16. Legal proceedings

As already reported in the Annual Report 2011 the DOJ and Daimler AG have been discussing a possible extension of the term of the Deferred Prosecution Agreement to align the Deferred Prosecution Agreements' provisions more closely with the Monitor's review period and to provide Daimler with additional time to improve the sustainability of its compliance systems. Based on these discussions and to complete the ongoing and vigorous remediation of certain challenges that have arisen, the DOJ, Daimler AG and Daimler North East Asia, Ltd. mutually agreed on March 30, 2012 to extend the terms of their respective Deferred Prosecution Agreement until December 31, 2012.

17. Segment reporting

Segment information for the three-month periods ended March 31, 2012 and March 31, 2011 is as follows:

4.16
Segment reporting

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q1 2012								
Revenue	14,400	6,908	2,013	722	2,968	27,011	-	27,011
Intersegment revenue	537	475	75	8	172	1,267	-1,267	-
Total revenue	14,937	7,383	2,088	730	3,140	28,278	-1,267	27,011
Segment profit (EBIT)	1,252	383	168	-103	344	2,044	86	2,130
Thereof share of profit/loss from investments accounted for using the equity method	-46	20	-3	-	-5	-34	132	98
Thereof expenses from compounding of provisions and changes in discount rates	-108	-37	-16	-3	-2	-166	-14	-180

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	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	413	173	-33	321	2,162	-131	2,031
Thereof share of profit/loss from investments accounted for using the equity method	-12	1	-4	-	-3	-18	75	57
Thereof expenses from compounding of provisions and changes in discount rates	-19	-10	-4	-2	-1	-36	2	-34

Reconciliation. Reconciliation of the total segments' profit (EBIT) to profit before income taxes is as shown in table ↗ **4.17**.

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.

4.17
Reconciliation of the total segments' profit (EBIT)

In millions of euros	Q1 2012	Q1 2011
Total segments' profit (EBIT)	2,044	2,162
Share of profit/loss from investments accounted for using the equity method [1]	132	75
Other corporate items	-34	-190
Eliminations	-12	-16
Group EBIT	2,130	2,031
Interest income	235	210
Interest expense	-386	-358
Profit before income taxes	1,979	1,883

1 Mainly comprises the Group's proportionate share in the result of EADS.

18. 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 table ↗ **4.18**.

A large proportion of the sales and purchases of goods and services with associated companies result from business relations with Engine Holding GmbH (Engine Holding) and/or Tognum AG (Tognum), which is a subsidiary of Engine Holding. Tognum purchases engines, parts and services from the Group. In connection with the takeover of Tognum by Engine Holding, Daimler has committed to provide Engine Holding with additional cash up to a limit of €200 million to support the contribution by Rolls-Royce to Engine Holding of the medium-speed reciprocating-engine business which trades under the Bergen brand. This capital contribution was made in January 2012.

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 table ↗ **4.18** (€105 million as of March 31, 2012 and as of December 31, 2010).

The transactions with joint ventures predominantly relate to the business relationship with Beijing Benz Automotive Co., Ltd. (BBAC). BBAC assembles and distributes Mercedes-Benz vehicles for the Group in China.

In December 2011, the joint venture company Beijing Foton Daimler Automotive Co., Ltd. was established by Daimler and the Chinese truck manufacturer Beiqi Foton Motor Co., Ltd. (BFDA). Daimler has committed to making a cash contribution to the joint venture company and to establishing the production of a truck engine at BFDA. In the first quarter 2012, capital of €51 million was injected; the remaining payment of €288 million was made on April 18, 2012.

Further significant sales and purchases of goods and services relate to a joint venture in Austria, which distributes cars and spare parts of the Group. The Group has also substantial business relations with the Chinese joint venture Fujian Benz Automotive Co. Ltd. (FBAC). FBAC produces and distributes vans under the Mercedes-Benz brand name in China.

See Note 13 for information on contributions to pension plan assets.

4.18

Related party relationships

	Sales of goods and services and other income		Purchases of goods and services and other expense		Receivables		Payables	
In millions of euros	**Q1 2012**	Q1 2011	**Q1 2012**	Q1 2011	**March 31, 2012**	Dec. 31, 2011	**March 31, 2012**	Dec. 31, 2011
Associated companies	**186**	144	**39**	35	**184**	239	**35**	46
Joint ventures	**692**	605	**68**	107	**703**	526	**16**	24

Addresses | Information

Investor Relations

Phone +49 711 17 92261
17 97778
17 95256
17 95277
Fax +49 711 17 94075

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

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Daimler AG
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Publications for our shareholders:
Annual Reports (German, English)
Interim Reports on first, second and third quarters (German, English)
Sustainability Report (German, English)
www.daimler.com/investors

Financial Calendar

Interim Report Q1 2012
April 27, 2012

Interim Report Q2 2012
July 25, 2012

Interim Report Q3 2012
October 25, 2012

Annual Meeting 2013
Messe Berlin
April 10, 2013

As we cannot rule out changes of dates, we recommend checking them on the Internet at http://www.daimer.com/ir/calendar.

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