DAIMLER

Interim Report Q3 2010

Contents

Cover photo:
The new CLS, which had its world premiere at the Paris Motor Show, continues in the pioneering role of its predecessor in the form of an all-new vehicle. With its fascinating and sensuous design and its cultivated sportiness, the new version of the CLS benefits from the fact that Mercedes-Benz is the inventor of this segment and is therefore a generation ahead of the competition. All four engines offered are new for the CLS and provide up to 25 percent better fuel consumption than the predecessor models. Efficiency is also improved by the standard electric-mechanical direct steering, which has its world premiere in the CLS. The new coupe will be available in Europe as of January 2011. 170,000 of its predecessor, the only four-door coupe in its class at that time, have been sold worldwide since October 2004.

Q3

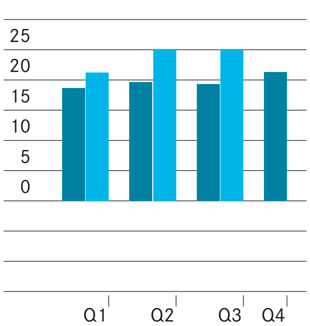
Key Figures

Amounts in millions of euros	**Q3 2010**	Q3 2009	% change
Revenue	**25,071**	19,310	+30 [1]
Western Europe	**9,545**	8,923	+7
thereof Germany	**4,950**	4,680	+6
NAFTA	**6,223**	4,566	+36
thereof United States	**5,358**	3,898	+37
Asia	**5,288**	3,076	+72
thereof China	**2,294**	1,040	+121
Other markets	**4,015**	2,745	+46
Employees (September 30)	**259,943**	256,857	+1
Investment in property, plant and equipment	**925**	624	+48
Research and development expenditure	**1,215**	1,055	+15
thereof capitalized development costs	**317**	327	-3
Cash provided by operating activities	**3,710**	3,315	+12
EBIT	**2,418**	470	+414
Net profit	**1,610**	56	.
Earnings per share (in euros)	**1.44**	0.04	.

1 Adjusted for the effects of currency translation, increase in revenue of 22%

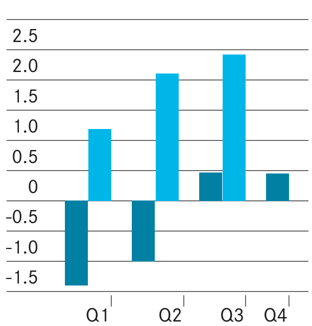
Revenue

in billions of euros



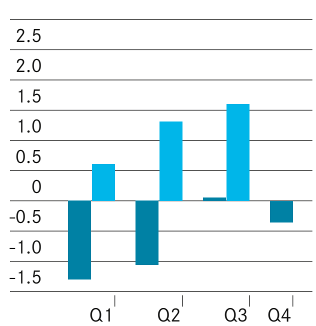
EBIT

in billions of euros



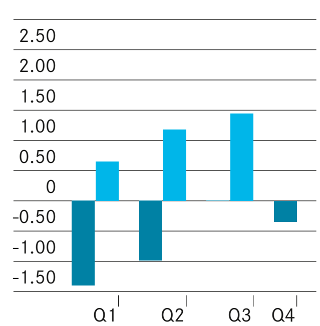
Net profit (loss)

in billions of euros



Earnings (loss) per share

in euros



2009
2010

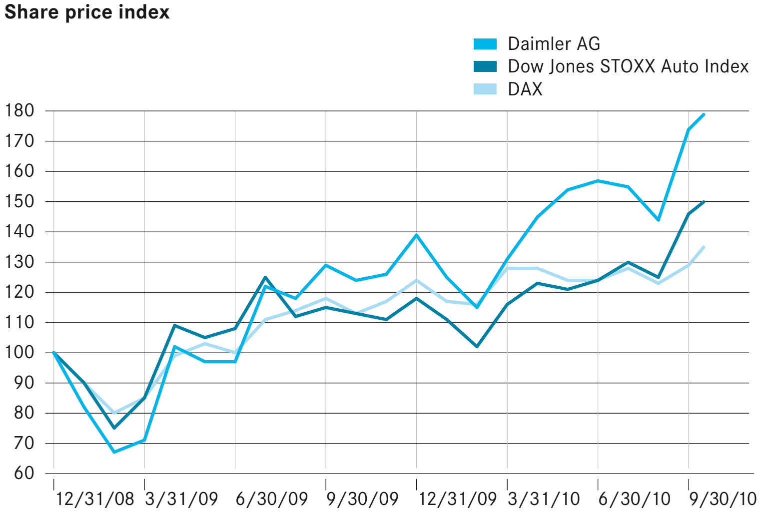
Q1-3

Key Figures

Amounts in millions of euros	Q1-3 2010	Q1-3 2009	% change
Revenue	**71,365**	57,601	+24 [1]
Western Europe	**27,874**	27,023	+3
thereof Germany	**13,987**	13,937	+0
NAFTA	**17,465**	14,232	+23
thereof United States	**15,024**	12,227	+23
Asia	**14,467**	8,735	+66
thereof China	**6,590**	2,817	+134
Other markets	**11,559**	7,611	+52
Employees (September 30)	**259,943**	256,857	+1
Investment in property, plant and equipment	**2,306**	1,866	+24
Research and development expenditure	**3,585**	3,331	+8
thereof capitalized development costs	**1,039**	1,016	+2
Cash provided by operating activities	**8,309**	9,741	-15
EBIT	**5,712**	(1,961)	.
Net profit (loss)	**3,534**	(2,292)	.
Earnings (loss) per share (in euros)	**3.29**	(2.30)	.

1 Adjusted for the effects of currency translation, increase in revenue of 20%

Share price index



International stock exchanges continued their sideways movement in the third quarter of 2010 with very volatile share prices. Inconsistent leading indicators caused many investors to adopt a rather tentative attitude. After a weak August, markets recovered significantly in September, as many economic indicators (such as the German ifo index of business sentiment) turned out better than expected. Cyclical stocks benefited to an above-average degree, especially in the automotive sector. In this market environment, Daimler's shares were not only able to regain the value they lost in August, but reached a peak for the first nine months of the year of €46.46 on September 30. Our share price thus climbed by 11% in the third quarter, developing significantly better than the DAX (+4%). During the course of the year, Daimler's share price had increased by 25% by the end of September.

Interim Management Report

Further growth in unit sales, revenue and earnings in the third quarter
Revenue in the third quarter significantly above prior-year level at €25.1 billion
Group EBIT of €2,418 million (Q3 2009: €470 million)
Net profit of €1,610 million (Q3 2009: €56 million)
Significant increase in unit sales and revenue anticipated for full-year 2010
EBIT from ongoing business of more than €7.0 billion expected for the Daimler Group

Business and general conditions

Ongoing expansion of world economy

The **world economy** continued its upward trend in the third quarter of this year, although with somewhat less dynamism. Economic expansion slowed down particularly in the industrialized countries, which is by no means unusual in view of the termination of cyclical special effects about a year after passing through the worst of the recession. However, after all of the world's three biggest economies (the United States, China and Japan) published lower growth rates for the second quarter this August, there was increased concern about a renewed slip into recession, and especially about a "double-dip" in the USA and a growth slump in China. The debt crises of some euro countries boosted the uncertainty and volatility of financial markets, while the focus of attention spread from Greece to include Portugal and above all Ireland. The sharp growth in world trade, a key driver of the global economic recovery so far, has also started to falter recently. Among the industrialized countries, the German economy continued to deliver positive surprises in the summer months, with hardly any of the negative consumer and business sentiment that has been indicated in other countries. With the declining dynamism of the industrialized nations, the emerging markets once again delivered a convincing performance, with solid growth rates in all regions apart from a slight cooling off in China. Another feature of the third quarter is that the price of crude oil and the value of the euro against other major currencies both increased again.

Demand in the world's **automotive markets** generally remained at a high level in the third quarter, but with only moderate growth rates compared with the third quarter of last year. The market situation still featured significant regional differences. In the United States, the moderate market recovery continued, but unit sales did not surpass the prior-year period, which had been relatively robust due to the cash-for-clunkers incentive program. Unit sales in the Western European market again fell by a double-digit rate compared to the prior-year period due to the termination of most car-scrappage schemes, with the five biggest national markets all suffering substantial drops in demand. Sales figures in Japan at first increased again compared with the prior-year period, but decreased in September because of the end of the scrappage incentive. Demand for cars in China remained at a high level, although growth rates normalized compared with the first half of the year. Growth in the Indian market was still dynamic at a rate of over 30% compared with the prior-year quarter. Unit sales in Russia were more than 50% higher than in the third quarter of 2009 thanks to state incentives, and demand in the Brazilian car market was also higher than a year ago, although the state incentive program for car buyers already came to an end in March. Demand in the luxury segment increased once again in the third quarter, with significantly stronger growth in some of the most important sales markets than in the market as a whole.

Global demand for medium and heavy trucks increased moderately compared to the prior-year quarter. Unit sales increased by approximately 10% in Western Europe, primarily due to the dynamic development of demand in Germany, while the US market continued its hesitant recovery. The state incentive scheme in Japan ended only in September, so it continued to have a positive impact on demand for trucks in the third quarter. While unit sales continued their double-digit growth in India and Brazil, they increased only slightly in China. The recovery of the Russian truck market accelerated somewhat in the third quarter, albeit from a low level.

Unit sales up by 23% in the third quarter

In the third quarter of 2010, Daimler sold 475,100 cars and commercial vehicles worldwide, surpassing the prior-year figure by 23%.

The Mercedes-Benz Cars division increased its unit sales once again in the third quarter: by 17% to 317,500 vehicles. The S-Class maintained its position as the global market leader and the E-Class sedan continued to be the market leader in its segment. Daimler Trucks increased its third-quarter unit sales substantially from 66,100 to 94,800 vehicles, aided by economic recovery in all major markets. Along with the market recovery, unit sales by the Mercedes-Benz Vans division increased by 34% to 53,700 vehicles. At Daimler Buses, sales grew by 9% to 9,100 units. In Latin America, the encouraging trend of the previous quarters continued – due in particular to the positive development in Brazil, while unit sales in Western Europe were slightly lower than in the prior-year quarter. Daimler Financial Services' contract volume increased to €61.1 billion at the end of the third quarter, which is 5% above its level at the end of 2009. Adjusted for exchange-rate effects, the portfolio remained stable. New business grew to €7.3 billion (Q3 2009: €6.0 billion).

The Daimler Group's third-quarter revenue increased by 30% to €25.1 billion. Adjusted for exchange-rate effects, revenue grew by 22%.

Profitability

EBIT by segment

In millions of euros	Q3 2010	Q3 2009	% change	Q1-3 2010	Q1-3 2009	% change
Mercedes-Benz Cars	**1,299**	355	+266	**3,481**	(1,108)	.
Daimler Trucks	**500**	(127)	.	**930**	(777)	.
Mercedes-Benz Vans	**122**	1	.	**313**	(100)	.
Daimler Buses	**11**	23	-52	**131**	137	-4
Daimler Financial Services	**317**	101	+214	**607**	13	.
Reconciliation	**169**	117	+44	**250**	(126)	.
Daimler Group	**2,418**	470	+414	**5,712**	(1,961)	.

Daimler achieved EBIT of €2,418 million in the third quarter of this year (Q3 2009: €470 million), a similar result to the excellent earnings of the preceding quarters.

While the third quarter of last year was still substantially impacted by the financial and economic crisis, in the period under review, Daimler improved its earnings in nearly all divisions. This earnings development was due not only to the general market recovery, but also to our attractive product range and the efficiency gains we realized.

EBIT was positively affected also by lower expenses for the compounding of non-current provisions (Q3 2010: €92 million; Q3 2009: €180 million) as well as by positive exchange-rate effects.

The adjustment of health care and pension benefits at our subsidiary, Daimler Trucks North America, resulted in a non-recurring gain of €183 million in the third quarter of 2010.

The positive decision on a legal dispute involving Daimler AG in October 2010 led to an additional non-recurring gain of €218 million in the third quarter of 2010.

The special factors listed in the following table affected EBIT in the third quarters and the first nine months of 2010 and 2009:

Special factors affecting EBIT

In millions of euros	Q3 2010	Q3 2009	Q1-3 2010	Q1-3 2009
Daimler Trucks				
Repositioning of Daimler Trucks North America	**(13)**	10	**(29)**	(48)
Repositioning of Mitsubishi Fuso Truck and Bus Corporation	**8**	(13)	**(7)**	(217)
Adjustment of health care and pension benefits	**183**	-	**183**	-
Daimler Financial Services				
Repositioning of business activities in Germany	**-**	-	**(78)**	-
Sale of non-automotive assets	**-**	3	**(20)**	(19)
Reconciliation				
Gain related to a legal dispute	**218**	-	**218**	-
Sale of equity interest in Tata Motors	**-**	-	**265**	-
Chrysler-related gains/expenses	**-**	48	**-**	(299)

The **Mercedes-Benz Cars** division achieved third-quarter EBIT of €1,299 million, which is an increase of €944 million compared with the prior-year period, continuing the positive earnings trend of the first half of the year. The return on sales improved to 9.5% from 3.5% in the third quarter of last year.

Once again in the third quarter, the excellent earnings resulted primarily from the high level of unit sales, especially in China and the United States, as well as from the favorable product mix. There were positive effects also from better pricing as well as the positive development of exchange-rates and warranty expenses. In the opposite direction there was an increase in research and development costs.

The **Daimler Trucks** division posted EBIT of €500 million for the third quarter, improving on the result for the prior-year period by €627 million. The return on sales amounted to 7.8% (Q3 2009: minus 2.9%).

The positive earnings trend was mainly a result of the good development of unit sales in all major markets. Sustained efficiency improvements, in particular from the repositioning of our subsidiaries Daimler Trucks North America and Mitsubishi Fuso Truck and Bus Corporation, also had a positive impact on the development of EBIT. An additional factor at Daimler Trucks North America in the third quarter 2010 was a gain of €183 million from the adjustment of health care and pension benefits. There were opposing effects from charges relating to the revaluation of long-term warranty and service obligations as well as an increase in research and development costs.

The **Mercedes-Benz Vans** division reported an operating profit of €122 million (Q3 2009: €1 million); its return on sales amounted to 6.4%, compared with 0.1% in the prior-year quarter.

The significant earnings improvement resulted primarily from the substantial increase in unit sales compared with the prior-year period. Sustained efficiency gains also had a positive impact on EBIT.

The **Daimler Buses** division achieved EBIT of €11 million (Q3 2009: €23 million) and a return on sales of 1.1% (Q3 2009: 2.2%).

This earnings development is mainly due to the unfavorable model mix. Deliveries of bus chassis increased while deliveries of complete buses decreased.

Daimler Financial Services also improved its third-quarter operating result substantially to €317 million (Q3 2009: €101 million).

The increase in earnings was mainly caused by lower expenses for risk provisions and higher interest margins.

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

Daimler's proportionate share of the profit of EADS amounted to €3 million in the third quarter (Q3 2009: €24 million).

In the third quarter of 2010, the items at corporate level primarily comprise a gain before taxes of €218 million resulting from a positive decision on a legal dispute in October 2010.

The elimination of intra-Group transactions resulted in expenses of €21 million in the third quarter (Q3 2009: income of €19 million).

Net interest expense for the third quarter amounted to €121 million (Q3 2009: €184 million). Net interest expense decreased primarily due to a reduction in other interest expenses caused by lower indebtedness in the industrial business. This more than offset the higher expenses in connection with pension obligations.

The third-quarter **income-tax expense** of €687 million (Q3 2009: €230 million) is mainly the result of the Group's pre-tax profit. In the prior-year quarter, the income-tax expense was the result not only of the Group's pre-tax profit, but also of income-tax expenses related to the tax assessments of previous years.

Net profit improved significantly to €1,610 million (Q3 2009: €56 million) as a result of the positive EBIT development. Earnings per share improved accordingly to €1.44 (Q3 2009: €0.04).

Cash flows

Cash provided by operating activities in the first nine months of 2010 amounted to €8.3 billion (Q1-3 2009: €9.7 billion). The positive impact of the significantly improved net profit was partially offset by the development of inventories, which increased during the period under review but decreased substantially over the first nine months of last year. Cash provided by operating activities in the first nine months of 2010 was reduced compared with the prior-year period also by the increased new business in leasing and sales financing, as well as by higher income-tax payments. The effects from trade receivables and payables, which both increased in line with unit sales and production volumes, nearly offset each other compared with the prior-year period.

Cash flows from investing activities in the first nine months of the year resulted in a net cash outflow of €1.4 billion (Q1-3 2009: €7.9 billion). The reduced cash outflow compared with the prior-year period was primarily the result of acquisitions and sales of securities carried out in the context of liquidity management, which led to a net cash inflow of €1.8 billion in the first nine months of 2010 compared with a net cash outflow of €5.0 billion in the prior-year period. The reporting period was also affected by proceeds from the sale of shares in Tata Motors (€0.3 billion). There were cash outflows for increased investments in property, plant and equipment and intangible assets, as well as for the payment made in connection with the cross-shareholding with the Renault-Nissan Alliance (€0.1 billion).

Cash flows from financing activities resulted in a net cash outflow of €6.3 billion in the period under review, almost all of which was for the repayment of financing liabilities. The cash inflow in the prior-year period of €3.0 billion primarily reflects new financing liabilities and the capital increase from the issue of new shares (€1.95 billion), offset to a small extent by the payment of the dividend for the year 2008 (€0.6 billion).

Cash and cash equivalents with an original maturity of three months or less increased compared with December 31, 2009 by €0.9 billion, after taking currency translation into account. Total liquidity, which includes deposits and marketable securities with an original maturity of more than three months, decreased by €0.7 billion to €15.4 billion.

The **free cash flow from the industrial business**, the parameter used by Daimler to measure the Group's financing capability, increased significantly by €3.1 billion to €5.3 billion.

The main reason for the increase in the free cash flow was the substantially improved earnings of the divisions, which more than offset the negative effects of inventory developments and higher investments in property, plant and equipment and intangible assets. The sale of shares in Tata Motors was an additional factor with a positive impact on the free cash flow.

Free cash flow of the industrial business

In millions of euros	**Q1-3 2010**	Q1-3 2009	10/09 change
Cash provided by operating activities	**8,422**	5,153	3,269
Cash flow from investing activities	**(1,773)**	(6,346)	4,573
Change in cash (> 3 months) and marketable securities included in liquidity	**(1,316)**	3,446	(4,762)
Free cash flow of the industrial business	**5,333**	2,253	3,080

The **net liquidity of the industrial business** increased by €4.6 billion to €11.9 billion.

Net liquidity of the industrial business

In millions of euros	**Sept. 30, 2010**	Dec. 31, 2009	10/09 change
Cash and cash equivalents	**9,731**	6,735	2,996
Marketable securities and long-term deposits	**3,808**	5,073	(1,265)
Liquidity	**13,539**	11,808	1,731
Financing liabilities	**(1,997)**	(5,516)	3,519
Market valuation and currency hedges for financing liabilities	**392**	993	(601)
Financing liabilities (nominal)	**(1,605)**	(4,523)	2,918
Net liquidity	**11,934**	7,285	4,649

The increase in net liquidity was mainly caused by the positive free cash flow, with smaller opposing effects from currency translation.

Net debt at Group level, which primarily results from the refinancing of the leasing and sales financing business, decreased compared with December 31, 2009 by €2.6 billion, mainly due to the positive free cash flow. This development was partially offset by movements in currency exchange rates.

Net debt of the Daimler Group

In millions of euros	**Sept. 30, 2010**	Dec. 31, 2009	10/09 change
Cash and cash equivalents	**10,672**	9,800	872
Marketable securities and long-term deposits	**4,739**	6,342	(1,603)
Liquidity	**15,411**	16,142	(731)
Financing liabilities	**(54,410)**	(58,294)	3,884
Market valuation and currency hedges for financing liabilities	**392**	993	(601)
Financing liabilities (nominal)	**(54,018)**	(57,301)	3,283
Net debt	**(38,607)**	(41,159)	2,552

Financial position

Compared with December 31, 2009, the **balance sheet total** increased by €6.1 billion to €134.9 billion. Adjusted for the effects of currency translation, there was an increase of €1.4 billion.

The financial services business accounts for €65.1 billion of the balance sheet total (December 31, 2009: €65.1 billion), equivalent to 48% of the Daimler Group's total assets (December 31, 2009: 51%).

Current assets rose to 43% of the balance sheet total (December 31, 2009: 42%), with increases in receivables, inventories and cash and cash equivalents. Current liabilities account for 39% of the balance sheet total (December 31, 2009: 37%); the increase is primarily a result of higher trade receivables and higher provisions.

Intangible assets increased to €7.4 billion (December 31, 2009: €6.8 billion). The increase of €0.5 billion after adjusting for currency translation is mainly caused by capitalized development costs.

As capital expenditure exceeded depreciation, **property, plant and equipment** increased to €16.9 billion (December 31, 2009: €16.0 billion). Investments include advance expenditure at the car plants in Kecskemét, Rastatt, Tuscaloosa and Kölleda.

Equipment on operating leases and **receivables from financial services** increased by €3.1 billion to €60.1 billion (December 31, 2009: €57.0 billion). As a proportion of the balance sheet total, these items amounted to 45% (December 31, 2009: 44%). After adjusting for the effects of currency translation, the increase amounts to €0.6 billion.

Investments accounted for using the equity method of €3.0 billion mainly comprise the carrying amounts of our investments in EADS, Tognum and Kamaz. The decrease of €1.3 billion relates primarily to our investment in EADS and was mainly caused by the effects in other comprehensive income related to derivative financial instruments, as well as by the Group's proportionate share of that company's loss for the period.

Inventories increased by €1.5 billion to €14.4 billion, accounting for 11% of total assets. The increase is primarily attributable to the higher production volume.

Trade receivables increased by €1.8 billion to €7.0 billion, mainly due to higher unit sales.

Other financial assets decreased by €0.9 billion to €10.6 billion. They primarily comprise securities, investments, derivative financial instruments, loans and other receivables due from third parties. The decrease mainly reflects the reduction in the securities included in liquidity management. The increase in investments reflects the cross-shareholding arising from the strategic cooperation with the Renault-Nissan Alliance, and was partially offset by the sale of Daimler's interest in Tata Motors. The shares in Renault and Nissan were mainly acquired with the use of treasury shares.

Cash and cash equivalents increased compared with December 31, 2009 by €0.9 billion to €10.7 billion.

Provisions account for 15% of the balance sheet total. Most of them relate to warranty, personnel and pension obligations and at €19.7 billion were above the level of December 31, 2009 (€18.4 billion). The increase was mainly due to higher provisions for pensions and other personnel obligations.

If the present level of interest rates continues, the **financing status of our pension plans** will decrease by approximately €2.5 billion by the end of 2010, due to the higher present value of the pension obligations.

Trade payables increased by €3.0 billion to €8.6 billion, partially due to the higher production volumes.

Financing liabilities primarily relate to the leasing and sales-financing business and decreased by €3.9 billion to €54.4 billion. Adjusted for currency translation, the decrease in financing liabilities amounts to €5.6 billion, and mainly reflects changes in bonds and liabilities arising from customer deposits in Mercedes-Benz Bank's direct banking business.

Other financial liabilities increased to €10.2 billion (December 31, 2009: €9.7 billion). They mainly comprise liabilities from residual-value guarantees, derivative financial instruments and payrolls, as well as accrued interest on financing liabilities. The increase resulted primarily from the valuation of hedging instruments relating to the weaker euro.

The **Group's equity** increased compared with December 31, 2009 by €3.8 billion to €35.6 billion. The increase was mainly due to the net profit of €3.5 billion. The **equity ratio** was 26.4% for the Group (December 31, 2009: 24.7%) and 43.1% for the industrial business (December 31, 2009: 42.6%).

Workforce

At the end of the third quarter of 2010, Daimler employed 259,943 people worldwide (September 30, 2009: 256,857). Of that total, 164,589 people were employed in Germany (September 30, 2009: 163,538). Due to the current order situation and the revival of demand around the world, short-time work – which had already been greatly reduced by the middle of the year – was completely phased out at Daimler AG as of September 30, 2010.

Daimler AG creates new Board of Management position for Integrity and Legal

Daimler AG is to create a new Board of Management position for Integrity and Legal. On September 28, the Supervisory Board passed a resolution on the expansion of the Board of Management to this effect. The new position is to be occupied by a person from outside the Daimler Group. The responsibilities of the new member of the Board of Management include the management of the global legal and compliance organization and the related processes, as well as business ethics and the sustained anchoring of compliance and integrity throughout the Group.

Daimler fundamentally pursues the goal of creating a corporate culture not only that fulfills the requirements of the law, but which also meets the highest ethical standards and is regarded as exemplary throughout the industry. In order to achieve this goal, in addition to establishing the new Board of Management position, Daimler will successively take additional initiatives.

Events after the interim balance sheet date

Since the end of the third quarter of 2010, there have been no further occurrences that are of major significance for Daimler and that have not been taken into consideration in the interim consolidated financial statements. The course of business in the first several weeks of the fourth quarter confirms the statements made in the Outlook section of this Interim Report.

Risk report

Daimler's divisions are exposed to a large number of risks which are inextricably linked with their entrepreneurial activities. With regard to the existing opportunities and risks, we refer to the statements made on pages 102 to 110 and on page 116 of our Annual Report 2009, as well as to the notes on forward-looking statements at the end of this Interim Management Report.

In our assessment, market risks have decreased so far this year. This applies also to risks on the procurement side. From a financial perspective, if the level of interest rates that has been reached during 2010 continues until the end of the year, it will lead to a significant increase in pension obligations. Legal risks also exist which could entail reputation risks. We are not aware of any risks that could jeopardize the continued existence of the Group.

Outlook

The world economy should continue to expand solidly also in the last quarter of this year. Despite all the concern about the sustainability of the upswing, there is no reason to fear an abrupt weakening of the global economy. Most of the available leading indicators such as industrial orders received, production output or business confidence point towards a continuation of the upswing. For the United States, like most analysts we assume that growth will weaken but there will be no double-dip despite ongoing high unemployment and state debt. Our assumptions are similar for China: Its economy's dynamism is likely to decrease, but it has sufficient means to counteract a growth slump if risks increase significantly. Although the debt problem in the euro zone is far from being finally resolved, the emergency measures that have been taken should prevent anything worse. The global growth slowdown will have a dampening effect on German economic expansion, because both exports and companies' investments will be affected. Overall, we assume that the world economy is in a temporary phase of slower growth but is not heading for a renewed recession. In addition to companies' favorable financial situations, ongoing favorable interest rates and low rates of inflation, the continued economic expansion of the emerging markets should help to prevent such a risk scenario. The world economy could then achieve an increase in gross domestic product of approximately 3.7% in full-year 2010. It is undisputed that the global economy remains very fragile and thus susceptible to external disturbances in view of the ongoing uncertainty on financial markets.

Due above all to the boom in China, worldwide markets for **motor vehicles** will grow again significantly this year. The Chinese car market should expand by roughly 30%. Globally, demand for cars is likely to be about 9% higher than in 2009, making it just below the record level of 2007. However, the recovery of the US market will be less dynamic than was expected at the beginning of this year. In Western Europe, new-car registrations will remain significantly lower than in the prior year due to the termination of most countries' state incentives for car buyers. Unit sales in Germany, the biggest market, are expected to decline by about 25%. The Japanese market, however, should expand by more than 10% in the full year despite the expected weakening of demand following the end of the car-scrappage incentive. Significant double-digit market growth is anticipated also in India. Unit sales in Brazil and South America will also surpass the prior-year figures. In Russia, the scrappage program that started in March has led to a distinct revival of demand, so growth of nearly 20% is expected for full-year 2010.

Due to dynamic growth in the major emerging markets, global demand for medium and heavy trucks will increase significantly again this year. The recovery of the three major markets (Western Europe, the United States and Japan) will be rather moderate, however. Market growth of 10-15% is expected for the NAFTA region. Despite the positive development of demand in Germany, the European truck market is likely to expand only slightly compared with the prior year. For the Japanese market, however, growth of 20-30% is anticipated with support from state incentive schemes. The Asian growth markets and Latin America will post significant double-digit growth rates. The Brazilian truck market should expand by roughly 50%. And significant market growth is expected also in Russia compared with crisis year 2009.

In full-year 2010, we expect significant market growth in Western Europe in the segment of medium-sized and large vans and in the United States in the segment of large vans.

For our Buses division, we anticipate a continuation of good market conditions for bus chassis in Latin America during the rest of this year. We expect a slight decrease in business in Europe, especially in the segment of city buses.

Based on the divisions' planning, Daimler expects **total unit sales** to increase significantly in full-year 2010 (2009: 1.6 million vehicles).

Mercedes-Benz Cars will continue to profit during the rest of this year from the success of its current product range, above all from the new E-Class models. Unit sales will also be boosted by the new super sports car Mercedes-Benz SLS AMG and by the new generations of the R-Class and the CL-Class. Furthermore, we are launching additional fuel-efficient and environmentally friendly versions of existing models. Since the third quarter of 2010, we have been successively equipping our automobiles with the new and particularly fuel-efficient six and eight-cylinder gasoline engines. Our already extensive portfolio of BlueEFFICIENCY models will be expanded to 85 model versions by the end of 2010. For the smart brand, we anticipate an increase in demand following the launch of a new generation of the smart fortwo. On the basis of our attractive and competitive range of vehicles, we assume that unit sales of the Mercedes-Benz brand will increase by a double-digit rate in 2010.

Mercedes-Benz Cars anticipates EBIT of approximately €4.5 billion for full-year 2010**.**

The global market revival will continue to have a positive impact on sales at **Daimler Trucks**. We anticipate increased unit sales above all in Europe, Indonesia, Brazil and the United States. Daimler Trucks expects significant sales impetus also from the new Mercedes-Benz trucks Axor and Atego. The new Atego and the Atego BlueTec Hybrid were voted Truck of the Year 2011 at Germany's IAA Commercial Vehicles trade fair in September. In the United States, the engines of the new generation of heavy-duty engines offered with BLUETEC technology to fulfill the EPA10 emission regulations are leading to rising demand for Freightliner trucks. The presentation of the new Fuso Canter in the fourth quarter will generate further growth in unit sales for the Trucks Asia unit. And customer demand will also be stimulated by the new Fuso Super Great with BLUETEC engines from Daimler Trucks' new heavy-duty engine generation and by the new medium-duty Fuso Fighter.

For full-year 2010, Daimler Trucks anticipates EBIT from the ongoing business of more than €1.1 billion.

Against the backdrop of rising demand, the market recovery in the van business and the upcoming introduction of the new Vito and Viano van generations, **Mercedes-Benz Vans** anticipates a significant increase in unit sales compared with 2009. Following efficiency enhancements and taking negative exchange-rate effects into consideration (especially with the British pound), we expect the division to post EBIT of approximately €430 million for the year 2010.

Daimler Buses anticipates growth in unit sales for full-year 2010, primarily due to the development of chassis sales in Latin American markets. In Western Europe, however, unit sales will remain below the prior-year level for market reasons. We expect EBIT of approximately €180 million, in line with the result for the prior year.

Daimler Financial Services anticipates a reduction in worldwide credit-risk costs and expects to achieve EBIT from its ongoing business of more than €900 million for the full year. Adjusted for exchange-rate effects, we anticipate a stable development of contract volume in the fourth quarter.

We assume that the Daimler Group will achieve significant **revenue growth** in full-year 2010 (2009: €78.9 billion).

In view of the good business developments in all divisions, we expect EBIT from the ongoing business of more than €7.0 billion for the **Daimler Group** in 2010.

This expectation is based on the assumption of continued stable economic developments and the ongoing market success of our products. We see the biggest risks in the high volatility of the international financial markets, as well as in a possible worsening of the macroeconomic environment.

As a result of the upturn in demand, we assume that the size of our worldwide workforce will increase slightly compared with the end of 2009.

Forward-looking statements:
This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including a slowdown in the recovery of the global economy or a renewed deterioration of global economic conditions, in particular a renewed decline of consumer demand and investment activity in Western Europe or the United States, or a downturn in major Asian economies; a renewed worsening of the situation in the credit and financial markets, which could result in an increase in borrowing costs or limit our funding flexibility; changes in currency exchange rates or interest rates; the ability to continue to offer fuel-efficient and environmentally friendly products; a permanent shift in consumer preference towards smaller, lower margin vehicles; the introduction of competing, fuel-efficient products and the possible lack of acceptance of our products or services, which may limit our ability to adequately utilize our production capacities or raise prices; price increases in fuel, raw materials and precious metals; disruption of production due to shortages of materials, labor strikes, or supplier insolvencies; a renewed decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization programs at all of our segments, including the repositioning of our truck activities in the NAFTA region and in Asia; the business outlook of companies in which we hold an equity interest, most notably EADS; the successful implementation of the strategic cooperation with Renault-Nissan, changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending governmental investigations and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk Report” in Daimler’s most recent Annual Report and under the headings “Risk Factors” and “Legal Proceedings” in Daimler’s most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made.

Mercedes-Benz Cars

Unit sales up by 17% compared with third quarter of 2009
World premiere of new CLS
Additional shifts worked in production due to high demand
EBIT improves to €1,299 million (Q3 2009: €355 million)

Amounts in millions of euros	Q3 2010	Q3 2009	% change
EBIT	**1,299**	355	+266
Revenue	**13,661**	10,238	+33
Unit sales	**317,496**	271,917	+17
Production	**317,120**	287,171	+10
Employees (September 30)	**95,953**	93,960	+2

Unit sales	Q3 2010	Q3 2009	% change
Total	**317,496**	271,917	+17
Western Europe	**153,505**	154,739	-1
Germany	**73,481**	73,378	+0
United States	**55,796**	48,610	+15
China	**40,748**	17,011	+140
Other markets	**67,447**	51,557	+31

Significant improvements in unit sales, revenue and earnings
The Mercedes-Benz Cars division increased its third-quarter unit sales by 17% to 317,500 vehicles. Revenue grew by 33% to €13.7 billion and EBIT rose to €1,299 million (Q3 2009: €355 million).

Mercedes-Benz brand with growth in all segments
Due to high demand for our new models, we were able to increase sales in the E-Class segment by 34% to 81,700 units, setting a new record for a third quarter. The E-Class sedan therefore continues to be the market leader in its segment. Sales in the luxury segment also rose by 34% to 19,600 units, with the S-Class defending its position as the worldwide market leader. Sales of C-Class automobiles increased by 10% to 87,100 units. In the SUV segment, unit sales increased by 35% to a new record of 51,500 vehicles. Sales of A- and B-Class models grew slightly to 54,400 units (Q3 2009: 53,800).

Despite the ongoing weakness of some markets in Western Europe, sales of 135,400 units by the Mercedes-Benz brand were above the prior-year period (Q3 2009: 135,100). In Germany, we succeeded in raising unit sales slightly to 66,600 vehicles (Q3 2009: 66,100) and in gaining market share. In the United States, sales increased by 19% to 55,100 units. In China, sales more than doubled to 39,200 units (Q3 2009: 16,700). This means that Mercedes-Benz continues to be the fastest-growing premium brand in China.

21,900 units of the smart fortwo were sold in the third quarter (Q3 2009: 23,600). The new generation of the two-seater has been available at dealerships since the beginning of October 2010.

World premiere of second-generation CLS
After presenting the comprehensively updated CL-Class in early July with a completely redesigned front end and new, efficient engines, Mercedes-Benz unveiled the new CLS at the Paris Motor Show at the end of September. The second generation of the four-door coupe features a striking design, a wide range of safety equipment, and new engines with up to 25% lower fuel consumption. Mercedes-Benz also presented the S 250 CDI BlueEFFICIENCY – the world's most fuel-efficient luxury sedan. With a highly efficient four-cylinder turbo diesel engine and fuel consumption of 5.7 liters per 100 kilometers, it is the first "5-liter" automobile in the luxury segment and the first car in its class to emit less than 150 grams of carbon dioxide per kilometer. Another highlight of the Paris Motor Show was the presentation of the new A-Class E-CELL, the second electric car from Mercedes-Benz to be produced under series conditions. Smart presented new solutions for intelligent urban mobility with its electric scooter and electric bicycle (escooter and ebike).

Additional shifts at car plants
Due to very high demand, production capacities at the plants in Rastatt, Bremen, Sindelfingen, East London and Tuscaloosa are fully utilized. In order to satisfy customer demand for the C-, E-, S- and M-Class and for the GLK, additional production shifts have been operated at three plants. September 2010 was the September with the highest level of production output in the company's history.

Q1-3

Amounts in millions of euros	Q1-3 2010	Q1-3 2009	% change
EBIT	**3,481**	(1,108)	.
Revenue	**39,274**	29,873	+31
Unit sales	**937,074**	790,353	+19
Production	**950,966**	739,167	+29
Employees (September 30)	**95,953**	93,960	+2

Unit sales	Q1-3 2010	Q1-3 2009	% change
Total	**937,074**	790,353	+19
Western Europe	**466,441**	459,758	+1
Germany	**209,232**	220,936	-5
United States	**163,259**	143,251	+14
China	**116,114**	43,072	+170
Other markets	**191,260**	144,272	+33

Daimler Trucks

Unit sales up by over 40% compared with prior-year period
Further penetration of growth markets
Atego and Atego BlueTec Hybrid voted "Truck of the Year 2011"
EBIT improves to €500 million (Q3 2009: minus €127 million)

Amounts in millions of euros	Q3 2010	Q3 2009	% change
EBIT	500	(127)	.
Revenue	6,433	4,388	+47
Unit sales	94,813	66,071	+44
Production	100,445	57,332	+75
Employees (September 30)	71,549	70,098	+2

Unit sales	Q3 2010	Q3 2009	% change
Total	94,813	66,071	+44
Western Europe	14,656	10,031	+46
Germany	8,262	5,986	+38
United States	15,847	13,075	+21
Latin America (excluding Mexico)	14,709	10,149	+45
Asia	34,135	24,122	+42
Other markets	15,466	8,694	+78

Significant increases in unit sales, revenue and earnings
In the third quarter of 2010, Daimler Trucks increased its unit sales substantially to 94,800 vehicles, compared with 66,100 in the prior-year period. Third-quarter revenue grew by 47% to €6.4 billion. EBIT of €500 million was significantly better than the prior-year result (Q3 2009: minus €127 million).

Higher unit sales in all our major markets
Trucks Europe/Latin America (Mercedes-Benz) increased its unit sales by 49% to 35,300 vehicles in the third quarter. In Brazil, due to the very favorable economic development and state incentives, sales rose by 30% to 11,200 units. The dynamic development of demand and the improvement of our market position in Western Europe – especially Germany – contributed towards the positive development of sales volumes. In Turkey, unit sales more than doubled to over 3,000 vehicles.

Trucks NAFTA (Freightliner, Western Star and Thomas Built Buses) recorded a 33% increase in unit sales to 20,300 vehicles. The Freightliner brand further strengthened its Class 8 market position in the United States, reaching a market share of approximately 31%. And in Mexico, a substantial increase in unit sales was achieved to 2,100 vehicles (Q3 2009: 700).

Trucks Asia (Fuso) sold 39,200 vehicles in the third quarter (+44%), with a 32% increase in Japan. This was largely the result of the good market acceptance of the new Fuso Super Great. The worldwide economic recovery led to a substantial increase in unit sales in the regions outside Japan (+47%), with a particularly pleasing development in Indonesia (+61%).

Further progress in penetrating growth markets
Daimler and Foton Motors reached another milestone in the implementation of our China strategy by signing an agreement on the establishment of a 50:50 joint venture. In India, responsibility for the marketing and sales and service of Mercedes-Benz Trucks has been concentrated at Daimler India Commercial Vehicles (DICV) since July, so DICV can now offer the complete product range for the Indian market. For the further penetration of the Russian market, Daimler Trucks opened a new sales and service center in Moscow for new and used trucks of the Mercedes-Benz and Fuso brands.

IAA – "Shaping Future Transportation"
At this year's IAA Commercial Vehicles trade fair in Hanover, for the first time we presented all three of our brands available in Europe – Mercedes-Benz, Fuso and Setra – on a shared stand. The highlights were the new Mercedes-Benz trucks Atego and Axor, while the Atego and Atego BlueTec Hybrid were voted "Truck of the Year 2011" by European trade journalists. The study of the Fuso Canter E-CELL with battery-electric drive had its world premiere at the show. We also presented Daimler Trucks' contribution to the effective implementation of "emission-free mobility."

Mercedes-Benz Actros now available in Brazil
In August, the Mercedes-Benz Actros was made available also in Brazil, in order to satisfy rising demand for premium heavy-duty trucks for long-distance applications in that rapidly growing market.

Q1-3

Amounts in millions of euros	Q1-3 2010	Q1-3 2009	% change
EBIT	930	(777)	.
Revenue	17,159	13,523	+27
Unit sales	249,167	185,610	+34
Production	258,622	161,681	+60
Employees (September 30)	71,549	70,098	+2

Unit sales	Q1-3 2010	Q1-3 2009	% change
Total	249,167	185,610	+34
Western Europe	35,808	31,509	+14
Germany	19,311	17,770	+9
United States	46,481	37,635	+24
Latin America (excluding Mexico)	41,931	25,864	+62
Asia	85,532	62,912	+36
Other markets	39,415	27,690	+42

Mercedes-Benz Vans

Significant increase in unit sales to 53,700 vehicles (Q3 2009: 40,100)
First Mercedes-Benz Vito E-CELL vans delivered to customers
Four new products unveiled at IAA Commercial Vehicles in Hanover
EBIT of €122 million (Q3 2009: €1 million)

Amounts in millions of euros	Q3 2010	Q3 2009	% change
EBIT	**122**	1	.
Revenue	**1,903**	1,601	+19
Unit sales	**53,727**	40,123	+34
Production	**55,919**	39,726	+41
Employees (September 30)	**14,884**	15,524	-4

Unit sales	Q3 2010	Q3 2009	% change
Total	**53,727**	40,123	+34
Western Europe	**35,575**	30,606	+16
Germany	**15,285**	14,451	+6
Eastern Europe	**4,017**	2,638	+52
United States	**2,834**	775	+266
Latin America (excluding Mexico)	**2,987**	2,488	+20
Other markets	**8,314**	3,616	+130

Growth in unit sales, revenue and EBIT after market recovery
Mercedes-Benz Vans sold a total of 53,700 vehicles in the third quarter of 2010 (Q3 2009: 40,100). Revenue of €1.9 billion was also significantly higher than in the prior-year period (Q3 2009: €1.6 billion). EBIT reached €122 million (Q3 2009: €1 million).

Mercedes-Benz Vans achieves strong increase in unit sales
In the third quarter of 2010, Mercedes-Benz Vans increased its unit sales by 34% to 53,700 vehicles. In Western Europe, the division's most important market, growth of 16% to 35,600 vehicles was achieved. In Eastern Europe, Mercedes-Benz Vans once again posted double-digit growth in unit sales in the third quarter of 2010 (+52%).

Unit sales in the NAFTA region increased to 3,600 vehicles in the third quarter (Q3 2009: 1,000). In Latin America (excluding Mexico), Mercedes-Benz Vans recorded unit sales of 3,000 vehicles, which is 20% above the prior-year level. In China, 4,500 units of the Vito and Viano models were sold in the third quarter, a large proportion of which came from local production.

Worldwide unit sales of the Sprinter increased compared with the prior-year period by 35% to 35,200 vehicles. Unit sales of the Vito and Viano models also rose by 35% in the third quarter. Furthermore, Mercedes-Benz Vans succeeded in defending its leading position in the European Union in the segment of medium-sized and large vans.

First Mercedes-Benz Vito E-CELL vans delivered to customers
The Vito E-CELL is the world's first van with batterie-electric drive to be produced in a small series. Thanks to its locally emission-free drive system, the Vito E-CELL is ideally suited to urban applications and environmentally sensitive areas. In early September, Mercedes-Benz Vans delivered the first five vehicles to customers in Berlin, who will use the Vito E-CELL in demanding everyday conditions. Of the first 100 vehicles, 50 will be on the road in Berlin and 50 in the Stuttgart area by the end of this year.

Mercedes-Benz Vans unveils four new products at the IAA
Mercedes-Benz Vans unveiled the new Vito and the new Viano at the IAA Commercial Vehicles trade fair in Hanover. Both models demonstrate the qualities of first-class vans: An upgraded front end, a new, highly efficient powertrain, new suspension and an upgraded interior. Furthermore, carbon-dioxide emissions and fuel consumption have been reduced compared with the predecessor models by up to 15% and are now at record levels. The Mercedes-Benz Sprinter LGT was also premiered; it can be operated on either liquid gas or gasoline. In addition, the Mercedes-Benz Vito E-CELL with its emission-free drive system was also presented.

Q1-3

Amounts in millions of euros	Q1-3 2010	Q1-3 2009	% change
EBIT	**313**	(100)	.
Revenue	**5,577**	4,373	+28
Unit sales	**159,775**	110,828	+44
Production	**167,000**	105,045	+59
Employees (September 30)	**14,884**	15,524	-4

Unit sales	Q1-3 2010	Q1-3 2009	% change
Total	**159,775**	110,828	+44
Western Europe	**111,780**	85,395	+31
Germany	**44,009**	40,009	+10
Eastern Europe	**10,740**	7,983	+35
United States	**7,986**	1,063	.
Latin America (excluding Mexico)	**8,928**	6,435	+39
Other markets	**20,341**	9,952	+104

Daimler Buses

Unit sales above prior-year level at 9,100 buses and chassis (Q3 2009: 8,400)
Delivery of 30,000th Mercedes-Benz Citaro
Daimler Buses presents innovative products at IAA Commercial Vehicles in Hanover
EBIT of €11 million (Q3 2009: €23 million)

Amounts in millions of euros	Q3 2010	Q3 2009	% change
EBIT	11	23	-52
Revenue	1,007	1,024	-2
Unit sales	9,074	8,350	+9
Production	10,537	8,733	+21
Employees (September 30)	17,086	17,480	-2

Unit sales	Q3 2010	Q3 2009	% change
Total	9,074	8,350	+9
Western Europe	1,638	1,713	-4
Germany	645	672	-4
NAFTA region	1,131	866	+31
Latin America (excluding Mexico)	5,355	4,554	+18
Other markets	950	1,217	-22

Revenue and EBIT below prior-year levels despite higher unit sales

Daimler Buses increased its unit sales by 9% to 9,100 buses and bus chassis in the third quarter of this year. As this growth resulted solely from the continuing positive development of chassis sales, revenue was slightly below the prior-year level at €1,007 million (Q3 2009: €1,024 million). EBIT reached €11 million (Q3 2009: €23 million).

Latin America drives generally positive development of unit sales

In Western Europe, 1,600 buses and chassis of the Mercedes-Benz and Setra brands were sold in the third quarter (Q3 2009: 1,700). Due to declining demand in Western Europe, unit sales were below the prior-year levels for intercity buses and coaches as well as for city buses.

Third-quarter sales in the NAFTA region increased by 31% to 1,100 units, albeit still with regional differences: While the Mexican market continued its recovery, unit sales decreased in the United States and Canada.

In Latin America, Daimler Buses increased its unit sales to 5,400 chassis of the Mercedes-Benz brand (Q3 2009: 4,600). The ongoing positive development of unit sales was a result of the general economic growth in the region and tender deliveries to South and Central America.

Delivery of 30,000th Mercedes-Benz Citaro

With more than 30,000 units sold, the Mercedes-Benz Citaro is the most successful city bus of all time. This success is based on a concept with a flexible modular system. The Citaro model range now includes 28 different versions – from the compact Citaro K with a length of 10.5 meters to the CapaCity, a high-capacity articulated bus with four axles and a length of 19.54 meters. With this unique model range, the Citaro covers the entire needs of bus companies operating in local or long-distance transport. It offers operators a maximum of economy and reliability while providing passengers with a comfortable means of transport.

Successful presence at the IAA in Hanover

Daimler Buses once again presented various innovative products at this year's IAA Commercial Vehicles trade fair in Hanover, including a new generation of seats for Mercedes-Benz and Setra buses. They feature maximum comfort, low weight, exemplary functionality, the best possible safety and unprecedented variability.

The results of the trade fair were thoroughly positive: The numbers of customer visits and customer discussions at the Mercedes-Benz and Setra stand and of contracts signed exceeded our expectations.

Q1-3

Amounts in millions of euros	Q1-3 2010	Q1-3 2009	% change
EBIT	131	137	-4
Revenue	3,223	3,031	+6
Unit sales	28,300	23,462	+21
Production	30,138	24,198	+25
Employees (September 30)	17,086	17,480	-2

Unit sales	Q1-3 2010	Q1-3 2009	% change
Total	28,300	23,462	+21
Western Europe	4,434	4,501	-1
Germany	1,544	1,716	-10
NAFTA region	2,749	2,979	-8
Latin America (excluding Mexico)	17,976	12,079	+49
Other markets	3,141	3,903	-20

Daimler Financial Services

Slight increase in contract volume
Strong growth in China and South Korea
Expansion of worldwide insurance business
EBIT above prior-year level at €317 million (Q3 2009: €101 million)

Amounts in millions of euros	**Q3 2010**	Q3 2009	% change
EBIT	**317**	101	+214
Revenue	**3,258**	2,864	+14
New business	**7,283**	6,021	+21
Contract volume	**61,144**	58,738	+4
Employees (September 30)	**6,683**	6,793	-2

Slight increase in contract volume
Daimler Financial Services' contract volume increased to €61.1 billion at the end of the third quarter of 2010, which is 5% above the level at the end of 2009. Adjusted for exchange-rate effects, the portfolio remained stable. New business reached €7.3 billion (Q3 2009: €6.0 billion). EBIT was significantly higher than in the prior-year period at €317 million (Q3 2009: €101 million).

Stable level of business development in Europe
In Europe, contract volume of €28.5 billion was 1% lower than at the end of 2009. The contract volume of Mercedes-Benz Bank in Germany decreased over the same period by 2% to €15.9 billion. In the direct banking business, Mercedes-Benz Bank's total deposit volume amounted to €10.7 billion at the end of the quarter (December 31, 2009: €12.6 billion).

Apple iPads™ for Mercedes-Benz dealerships in the USA
Contract volume in the Americas increased compared with the end of 2009 by 6% to €24.4 billion. Adjusted for exchange-rate effects, the portfolio slightly increased by 0.3%.

Following the successful test of Apple iPads™ at 40 Mercedes-Benz dealerships in the United States, all of the country's Mercedes-Benz outlets will now be supplied with these mobile devices by Mercedes-Benz Financial. The iPads™ allow direct access to the dealership system from the point of sale, improving customer advice and support.

Strong growth in China and South Korea
Contract volume in Africa & Asia/Pacific of €8.3 billion at the end of the third quarter was 22% higher than at the end of 2009. Adjusted for exchange-rate effects, the increase was 8%.

There was strong growth once again in China, where the portfolio grew by 93% compared with the beginning of the year to €916 million. Contract volume developed dynamically also in South Korea, growing by 37% to €519 million.

Expansion of worldwide insurance business
The international insurance business has been further expanded with the addition of new products. In the United States, First Class Lease Protection was launched in the third quarter, offering comprehensive auto-insurance cover to leasing customers. In the future, insurance products will be offered also in Singapore under the Mercedes-Benz and Fuso brands.

At Germany's IAA Commercial Vehicles trade fair, Mercedes-Benz Bank presented new insurance products and special offers on trucks and vans for young entrepreneurs. Founders of new companies can take advantage of a leasing contract for commercial vehicles that includes service and insurance in one inexpensive monthly installment.

Top rankings for customer and dealer satisfaction
Daimler Financial Services was rewarded for its customer and dealer satisfaction by various surveys in the third quarter. Mercedes-Benz Financial in the United States took first place in the category of overall dealer satisfaction in the J. D. Power survey. Mercedes-Benz Bank in Germany was once again ranked as the best provider of financial services in the premium sector in the 2010 banking monitor survey carried out by "Autohaus." And in an AC Nielsen survey in Australia and a survey of several brands in Portugal, Mercedes-Benz Financial Services was awarded the top position for dealer satisfaction.

Q1-3

Amounts in millions of euros	**Q1-3 2010**	Q1-3 2009	% change
EBIT	**607**	13	.
Revenue	**9,641**	9,122	+6
New business	**21,337**	18,427	+16
Contract volume	**61,144**	58,738	+4
Employees (September 30)	**6,683**	6,793	-2

Unaudited Consolidated Statement of Income (Loss) Q3

In millions of euros	Consolidated Q3 2010	Consolidated Q3 2009	Industrial Business (unaudited additional information) Q3 2010	Industrial Business (unaudited additional information) Q3 2009	Daimler Financial Services (unaudited additional information) Q3 2010	Daimler Financial Services (unaudited additional information) Q3 2009
Revenue	**25,071**	19,310	**21,813**	16,446	**3,258**	2,864
Cost of sales	**(19,023)**	(15,469)	**(16,303)**	(12,814)	**(2,720)**	(2,655)
Gross profit	**6,048**	3,841	**5,510**	3,632	**538**	209
Selling expenses	**(2,108)**	(1,790)	**(2,031)**	(1,716)	**(77)**	(74)
General administrative expenses	**(826)**	(722)	**(697)**	(619)	**(129)**	(103)
Research and non-capitalized development costs	**(898)**	(728)	**(898)**	(728)	**-**	-
Other operating income	**349**	126	**339**	52	**10**	74
Other operating expense	**(61)**	(93)	**(39)**	(84)	**(22)**	(9)
Share of profit (loss) from investments accounted for using the equity method, net	**8**	7	**10**	3	**(2)**	4
Other financial expense, net	**(94)**	(171)	**(93)**	(171)	**(1)**	-
Earnings before interest and taxes (EBIT)[1]	**2,418**	470	**2,101**	369	**317**	101
Interest income	**230**	301	**230**	301	**-**	-
Interest expense	**(351)**	(485)	**(348)**	(482)	**(3)**	(3)
Profit before income taxes	**2,297**	286	**1,983**	188	**314**	98
Income tax benefit (expense)	**(687)**	(230)	**(596)**	(240)	**(91)**	10
Net profit (loss)	**1,610**	56	**1,387**	(52)	**223**	108
Profit attributable to minority interest	**(77)**	(15)				
Profit attributable to shareholders of Daimler AG	**1,533**	41				
Earnings per share (in euros) for profit attributable to shareholders of Daimler AG						
Basic	**1.44**	0.04				
Diluted	**1.44**	0.04				

1 EBIT includes expenses from the compounding of provisions (2010: €92 million; 2009: €180 million).

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

Unaudited Consolidated Statement of Income (Loss) Q1-3

	Consolidated		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
In millions of euros	**Q1-3 2010**	Q1-3 2009	**Q1-3 2010**	Q1-3 2009	**Q1-3 2010**	Q1-3 2009
Revenue	**71,365**	57,601	**61,724**	48,479	**9,641**	9,122
Cost of sales	**(54,851)**	(48,364)	**(46,502)**	(39,757)	**(8,349)**	(8,607)
Gross profit	**16,514**	9,237	**15,222**	8,722	**1,292**	515
Selling expenses	**(6,181)**	(5,562)	**(5,908)**	(5,324)	**(273)**	(238)
General administrative expenses	**(2,436)**	(2,442)	**(2,055)**	(2,103)	**(381)**	(339)
Research and non-capitalized development costs	**(2,546)**	(2,315)	**(2,546)**	(2,315)	**-**	-
Other operating income	**668**	395	**639**	304	**29**	91
Other operating expense	**(241)**	(249)	**(184)**	(229)	**(57)**	(20)
Share of profit (loss) from investments accounted for using the equity method, net	**(206)**	95	**(204)**	89	**(2)**	6
Other financial income (expense), net	**140**	(1,120)	**141**	(1,118)	**(1)**	(2)
Earnings before interest and taxes (EBIT)[1]	**5,712**	(1,961)	**5,105**	(1,974)	**607**	13
Interest income	**632**	873	**631**	872	**1**	1
Interest expense	**(1,171)**	(1,469)	**(1,162)**	(1,460)	**(9)**	(9)
Profit (loss) before income taxes	**5,173**	(2,557)	**4,574**	(2,562)	**599**	5
Income tax benefit (expense)	**(1,639)**	265	**(1,437)**	236	**(202)**	29
Net profit (loss)	**3,534**	(2,292)	**3,137**	(2,326)	**397**	34
Profit attributable to minority interest	**(86)**	-				
Profit (loss) attributable to shareholders of Daimler AG	**3,448**	(2,292)				

Earnings (loss) per share (in euros) for profit (loss) attributable to shareholders of Daimler AG						
Basic	**3.29**	(2.30)				
Diluted	**3.29**	(2.30)				

1 EBIT includes expenses from the compounding of provisions (2010: €196 million; 2009: €818 million).

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

Unaudited Consolidated Statement of Comprehensive Income (Loss) Q3

In millions of euros	Q3 2010	Consolidated Q3 2009
Net profit	**1,610**	56
Unrealized losses on currency translation adjustments	**(891)**	(93)
Unrealized gains on financial assets available for sale	**166**	113
Unrealized gains on derivative financial instruments	**800**	58
Unrealized gains (losses) on investments accounted for using the equity method	**(726)**	377
Other comprehensive income (loss), net of taxes	**(651)**	455
Thereof income (loss) attributable to minority interest	**(270)**	137
Thereof income (loss) attributable to shareholders of Daimler AG	**(381)**	318
Total comprehensive income	**959**	511
Thereof income (loss) attributable to minority interest	**(193)**	152
Thereof income attributable to shareholders of Daimler AG	**1,152**	359

Unaudited Consolidated Statement of Comprehensive Income (Loss) Q1-3

In millions of euros	Q1-3 2010	Consolidated Q1-3 2009
Net profit (loss)	**3,534**	(2,292)
Unrealized gains on currency translation adjustments	**790**	78
Unrealized gains (losses) on financial assets available for sale	**(272)**	168
Unrealized losses on derivative financial instruments	**(209)**	(84)
Unrealized gains (losses) on investments accounted for using the equity method	**(1,234)**	4
Other comprehensive income (loss), net of taxes	**(925)**	166
Thereof income (loss) attributable to minority interest	**(375)**	25
Thereof income (loss) attributable to shareholders of Daimler AG	**(550)**	141
Total comprehensive income (loss)	**2,609**	(2,126)
Thereof income (loss) attributable to minority interest	**(289)**	25
Thereof income (loss) attributable to shareholders of Daimler AG	**2,898**	(2,151)

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

Consolidated Statement of Financial Position

In millions of euros	Consolidated Sept. 30, 2010 (unaudited)	Consolidated Dec. 31, 2009	Industrial Business (unaudited additional information) Sept. 30, 2010	Industrial Business (unaudited additional information) Dec. 31, 2009	Daimler Financial Services (unaudited additional information) Sept. 30, 2010	Daimler Financial Services (unaudited additional information) Dec. 31, 2009
Assets						
Intangible assets	**7,365**	6,753	**7,309**	6,690	**56**	63
Property, plant and equipment	**16,868**	15,965	**16,819**	15,911	**49**	54
Equipment on operating leases	**19,199**	18,532	**9,448**	8,651	**9,751**	9,881
Investments accounted for using the equity method	**2,962**	4,295	**2,914**	4,241	**48**	54
Receivables from financial services	**23,584**	22,250	**(52)**	(24)	**23,636**	22,274
Other financial assets	**3,953**	4,017	**3,047**	2,719	**906**	1,298
Deferred tax assets	**2,331**	2,233	**1,784**	1,830	**547**	403
Other assets	**365**	496	**124**	305	**241**	191
Total non-current assets	**76,627**	74,541	**41,393**	40,323	**35,234**	34,218
Inventories	**14,386**	12,845	**13,978**	12,337	**408**	508
Trade receivables	**7,042**	5,285	**6,770**	5,073	**272**	212
Receivables from financial services	**17,323**	16,228	**(45)**	(37)	**17,368**	16,265
Cash and cash equivalents	**10,672**	9,800	**9,731**	6,735	**941**	3,065
Other financial assets	**6,614**	7,460	**(458)**	676	**7,072**	6,784
Other assets	**2,246**	2,352	**(1,538)**	(1,346)	**3,784**	3,698
Sub total current assets	**58,283**	53,970	**28,438**	23,438	**29,845**	30,532
Assets held for sale from non-automotive leasing portfolios	**-**	310	**-**	-	**-**	310
Total current assets	**58,283**	54,280	**28,438**	23,438	**29,845**	30,842
Total assets	**134,910**	128,821	**69,831**	63,761	**65,079**	65,060
Equity and liabilities						
Share capital	**3,047**	3,045				
Capital reserves	**11,782**	11,864				
Retained earnings	**19,506**	16,163				
Other reserves	**82**	632				
Treasury shares	**(8)**	(1,443)				
Equity attributable to shareholders of Daimler AG	**34,409**	30,261				
Minority interest	**1,185**	1,566				
Total equity	**35,594**	31,827	**30,103**	27,157	**5,491**	4,670
Provisions for pensions and similar obligations	**4,440**	4,082	**4,253**	3,901	**187**	181
Provisions for income taxes	**2,808**	2,774	**2,806**	2,772	**2**	2
Provisions for other risks	**5,203**	4,696	**5,035**	4,585	**168**	111
Financing liabilities	**28,679**	33,258	**6,522**	13,390	**22,157**	19,868
Other financial liabilities	**2,193**	2,148	**2,141**	1,985	**52**	163
Deferred tax liabilities	**969**	509	**(1,929)**	(2,987)	**2,898**	3,496
Deferred income	**2,049**	1,914	**1,657**	1,305	**392**	609
Other liabilities	**81**	75	**69**	66	**12**	9
Total non-current liabilities	**46,422**	49,456	**20,554**	25,017	**25,868**	24,439
Trade payables	**8,645**	5,622	**8,434**	5,422	**211**	200
Provisions for income taxes	**654**	509	**(78)**	75	**732**	434
Provisions for other risks	**6,643**	6,311	**6,339**	6,070	**304**	241
Financing liabilities	**25,731**	25,036	**(4,525)**	(7,874)	**30,256**	32,910
Other financial liabilities	**7,986**	7,589	**6,518**	6,280	**1,468**	1,309
Deferred income	**1,502**	1,397	**1,085**	755	**417**	642
Other liabilities	**1,733**	1,074	**1,401**	859	**332**	215
Total current liabilities	**52,894**	47,538	**19,174**	11,587	**33,720**	35,951
Total equity and liabilities	**134,910**	128,821	**69,831**	63,761	**65,079**	65,060

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

Unaudited Consolidated Statement of Changes in Equity

				Other reserves							
In millions of euros	Share capital	Capital reserves	Retained earnings	Currency translation adjustment	Financial assets available for sale	Derivative financial instru-ments	Share of invest-ments accounted for using the equity method	Treasury shares	Equity attributable to share-holders of Daimler AG	Minority interest	Total equity
Balance at January 1, 2009	2,768	10,204	19,359	(487)	23	576	222	(1,443)	31,222	1,508	32,730
Net loss	-	-	(2,292)	-	-	-	-	-	(2,292)	-	(2,292)
Unrealized gains (losses)	-	-	-	91	180	(127)	(59)	-	85	37	122
Deferred taxes on unrealized gains (losses)	-	-	-	-	(12)	42	26	-	56	(12)	44
Total comprehensive income (loss)	-	-	(2,292)	91	168	(85)	(33)	-	(2,151)	25	(2,126)
Dividends	-	-	(556)	-	-	-	-	-	(556)	(65)	(621)
Share-based payments	-	-	-	-	-	-	-	-	-	-	-
Issue of new shares	276	1,671	-	-	-	-	-	-	1,947	-	1,947
Other	-	(15)	-	-	-	-	-	-	(15)	8	(7)
Balance at September 30, 2009	3,044	11,860	16,511	(396)	191	491	189	(1,443)	30,447	1,476	31,923
Balance at January 1, 2010	**3,045**	**11,864**	**16,163**	**(213)**	**270**	**268**	**307**	**(1,443)**	**30,261**	**1,566**	**31,827**
Net profit	**-**	**-**	**3,448**	**-**	**-**	**-**	**-**	**-**	**3,448**	**86**	**3,534**
Unrealized gains (losses)	**-**	**-**	**-**	**765**	**(277)**	**(300)**	**(1,210)**	**-**	**(1,022)**	**(553)**	**(1,575)**
Deferred taxes on unrealized gains (losses)	**-**	**-**	**-**	**-**	**5**	**91**	**376**	**-**	**472**	**178**	**650**
Total comprehensive income (loss)	**-**	**-**	**3,448**	**765**	**(272)**	**(209)**	**(834)**	**-**	**2,898**	**(289)**	**2,609**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(85)**	**(85)**
Share-based payments	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**-**	**2**
Issue of new shares	**2**	**25**	**-**	**-**	**-**	**-**	**-**	**-**	**27**	**-**	**27**
Acquisition of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(54)**	**(54)**	**-**	**(54)**
Issue and disposal of treasury shares	**-**	**(110)**	**(105)**	**-**	**-**	**-**	**-**	**1,489**	**1,274**	**-**	**1,274**
Other	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**(7)**	**(6)**
Balance at September 30, 2010	**3,047**	**11,782**	**19,506**	**552**	**(2)**	**59**	**(527)**	**(8)**	**34,409**	**1,185**	**35,594**

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

Unaudited Consolidated Statement of Cash Flows

In millions of euros	Consolidated Q1-3 2010	Consolidated Q1-3 2009	Industrial Business (unaudited additional information) Q1-3 2010	Industrial Business (unaudited additional information) Q1-3 2009	Daimler Financial Services (unaudited additional information) Q1-3 2010	Daimler Financial Services (unaudited additional information) Q1-3 2009
Net profit (loss) adjusted for	**3,534**	(2,292)	**3,137**	(2,326)	**397**	34
Depreciation and amortization	**2,495**	2,478	**2,473**	2,452	**22**	26
Other non-cash expense and income	**912**	(1,093)	**1,849**	(380)	**(937)**	(713)
(Gains) losses on disposals of assets	**(347)**	8	**(348)**	8	**1**	-
Change in operating assets and liabilities						
Inventories	**(1,056)**	3,535	**(1,153)**	3,472	**97**	63
Trade receivables	**(1,464)**	1,543	**(1,422)**	1,589	**(42)**	(46)
Trade payables	**2,840**	355	**2,840**	354	**-**	1
Receivables from financial services	**(85)**	2,885	**10**	(413)	**(95)**	3,298
Vehicles on operating leases	**(241)**	1,467	**(174)**	(67)	**(67)**	1,534
Other operating assets and liabilities	**1,721**	855	**1,210**	464	**511**	391
Cash provided by (used for) operating activities	**8,309**	9,741	**8,422**	5,153	**(113)**	4,588
Additions to property, plant and equipment	**(2,306)**	(1,866)	**(2,298)**	(1,857)	**(8)**	(9)
Additions to intangible assets	**(1,185)**	(1,115)	**(1,180)**	(1,110)	**(5)**	(5)
Proceeds from disposals of property, plant and equipment and intangible assets	**244**	175	**238**	166	**6**	9
Investments in businesses	**(157)**	(156)	**(156)**	(156)	**(1)**	-
Proceeds from disposals of businesses	**350**	18	**343**	15	**7**	3
Acquisition of securities (other than trading)	**(9,811)**	(11,779)	**(9,811)**	(10,252)	**-**	(1,527)
Proceeds from sales of securities (other than trading)	**11,587**	6,795	**11,127**	6,795	**460**	-
Change in other cash	**(153)**	51	**(36)**	53	**(117)**	(2)
Cash provided by (used for) investing activities	**(1,431)**	(7,877)	**(1,773)**	(6,346)	**342**	(1,531)
Change in financing liabilities	**(6,330)**	1,668	**(3,807)**	4,240	**(2,523)**	(2,572)
Dividends paid (including profits transferred from subsidiaries)	**(85)**	(621)	**(84)**	(618)	**(1)**	(3)
Proceeds from issuance of share capital (including minority interest)	**131**	1,947	**131**	1,947	**-**	-
Purchase of treasury shares	**(54)**	-	**(54)**	-	**-**	-
Internal equity transactions	**-**	-	**(177)**	(124)	**177**	124
Cash provided by (used for) financing activities	**(6,338)**	2,994	**(3,991)**	5,445	**(2,347)**	(2,451)
Effect of foreign exchange-rate changes on cash and cash equivalents	**332**	(272)	**338**	(228)	**(6)**	(44)
Net increase (decrease) in cash and cash equivalents	**872**	4,586	**2,996**	4,024	**(2,124)**	562
Cash and cash equivalents at the beginning of the period	**9,800**	6,912	**6,735**	4,664	**3,065**	2,248
Cash and cash equivalents at the end of the period	**10,672**	11,498	**9,731**	8,688	**941**	2,810

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

Notes to the Unaudited Interim Consolidated Financial Statements

1. Presentation of the Interim Consolidated Financial Statements

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

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

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

All significant intercompany accounts and transactions have been eliminated. In the opinion of the management, the interim financial statements reflect all adjustments (i.e. normal recurring adjustments) necessary for a fair presentation of the results of operations and the financial position of the Group. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or for the full fiscal year. The interim financial statements should be read in conjunction with the December 31, 2009 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 IFRS consolidated financial statements as at and for the year ended December 31, 2009.

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 unaudited information with respect to the Group's industrial business and Daimler Financial Services' business activities. Such information, however, is not required by IFRS and is not intended to, and does not represent the separate IFRS results of operations, cash flows and financial position of the Group's industrial business or Daimler Financial Services' business activities. Eliminations of the effects of transactions between the industrial business and Daimler Financial Services have generally been allocated to the industrial business columns.

Preparation of interim financial statements requires management to make estimates and judgments related to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses for the reporting period. Actual amounts could differ from those estimates.

IFRSs issued but neither EU endorsed nor yet adopted. In November 2009, the IASB published IFRS 9 Financial Instruments as part of its project of revising the accounting guidance for financial instruments. The new standard provides guidance on the classification and measurement of financial assets. The standard will be effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Group will not early adopt IFRS 9 Financial Instruments for 2010. Daimler will determine the expected effects on the Group's consolidated financial statements.

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

Renault-Nissan. In April 2010, within the framework of a wide-ranging strategic cooperation with the Renault-Nissan Alliance, the Group entered into a cross-shareholding structure. In this regard, Daimler received a 3.1% equity interest in Renault SA (Renault) as well as 3.1% of the shares of Nissan Motor Company Ltd. (Nissan) from Renault in an equivalent total amount of €1.3 billion. Daimler used treasury shares for the acquisitions and additionally paid €90 million in cash. See Note 8 for information on the number of treasury shares used.

Tata Motors. In March 2010, the Group sold its equity interest of approximately 5% in Tata Motors Limited to various groups of investors through the capital market. In the nine months ended September 30, 2010, this transaction resulted in a cash inflow of €303 million and a gain before income taxes of €265 million. The gain is included in "other financial income (expense), net" in the consolidated statement of income (loss) and in the reconciliation from total segments' EBIT to Group EBIT within the segment reporting.

Daimler Financial Services. Most of the non-automotive assets subject to finance leases that were presented separately as held for sale in the consolidated statement of financial position at December 31, 2009 were sold in the nine months ended September 30, 2010. These transactions resulted in a cash inflow of €274 million and a pre-tax expense of €1 million in the nine months ended September 30, 2010. The remaining non-automotive assets presented as held for sale were reclassified to receivables from financial services in the third quarter of 2010, as the sale of these assets is now expected to be unlikely. In the nine months ended September 30, 2010, the measurement of these assets resulted in a pre-tax gain of €1 million.

Furthermore, additional non-automotive assets subject to finance leases which were previously shown under receivables from financial services and which were classified as held for sale in the first quarter of 2010 were sold by the end of the third quarter of 2010. These transactions resulted in cash inflows of €90 million and €167 million in the three- and nine-month periods ended September 30, 2010 and a pre-tax expense of €20 million for the nine months ended September 30, 2010 (including a pre-tax expense of €35 million from the measurement of these assets).

In the three- and nine-month periods ended September 30, 2009, Daimler Financial Services achieved cash-inflows of €6 million and €619 million, respectively, from the sale of non-automotive finance leases. These sales resulted in a pre-tax gain of €3 million and a pre-tax expense of €19 million, respectively.

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

Chrysler. In June 2009, Daimler, Cerberus and the Pension Benefit Guaranty Corporation entered into a redemption agreement covering issues relating to Chrysler. Furthermore, the forgiveness of Daimler's receivables in connection with a subordinated loan and a drawn credit line as well as payments of US $600 million into Chrysler's pension plans were agreed contractually. As a result, EBIT for the three- and nine-month periods ended September 30, 2009 was negatively impacted by €3 million and €381 million; the EBIT effect is included in the reconciliation of total segments' EBIT to Group EBIT.

In each of June 2009 and June 2010, Daimler paid US $200 million into Chrysler's pension plans. The remaining amount is due in the second quarter of 2011.

In connection with the legal transfer of Chrysler's international sales activities to Chrysler in the first quarter of 2009 and due to the valuation of Chrysler-related assets, the Group recorded total pre-tax gains of €51 million and €82 million for the three- and nine-month periods ended September 30, 2009. These amounts are included in the reconciliation of total segments' EBIT to Group EBIT in the segment reporting.

3. Functional costs

Optimization programs. The following table shows implementation costs as well as gains resulting from the reassessment of assumptions of measures and programs that materially impacted the EBIT of individual segments. Furthermore, the table shows the cash outflows resulting from the implementation of the measures and programs:

In millions of euros	**Q3 2010**	Q3 2009	**Q1-3 2010**	Q1-3 2009
Daimler Financial Services				
EBIT	**-**	-	**(78)**	-
Daimler Trucks				
Mitsubishi Fuso Truck and Bus Corporation (MFTBC)				
EBIT	**8**	(13)	**(7)**	(217)
Cash outflow	**26**	21	**91**	23
Daimler Trucks North America LLC (DTNA)				
EBIT	**(13)**	10	**(29)**	(48)
Cash outflow	**22**	23	**55**	134

Gains and expenses associated with these programs are included in the following line items within the consolidated statement of income (loss):

In millions of euros	**Q3 2010**	Q3 2009	**Q1-3 2010**	Q1-3 2009
Cost of sales	**(3)**	(2)	**(5)**	(64)
Selling expenses	**28**	(10)	**(21)**	(152)
General administrative expenses	**(33)**	9	**(91)**	(32)
Research and non-capitalized development costs	**3**	-	**3**	(13)
Other operating expense	**-**	-	**-**	(4)
	(5)	(3)	**(114)**	(265)

Daimler Financial Services. In May 2010, the Board of Management decided to restructure the business activities of Daimler Financial Services AG and Mercedes-Benz Bank AG in Germany by the end of 2012. Among other effects, this repositioning will result in streamlined structures and simplified processes. Expenses recorded in this regard in the nine months ended September 30, 2010 primarily relate to personnel measures.

Daimler Trucks. The programs at MFTBC and DTNA, which provide for a wide-ranging repositioning of the business operations of these subsidiaries, were decided upon in May 2009 and October 2008, respectively.

Pension and other post-employment benefits. As a result of the adjustment of pension and health care benefits at our subsidiary Daimler Trucks North America, the Group recorded a pre-tax gain of €183 million in the third quarter of 2010. The gain is allocated to the Daimler Trucks segment.

4. Interest income and expense

Interest income and expense are comprised as follows:

In millions of euros	**Q3 2010**	Q3 2009	**Q1-3 2010**	Q1-3 2009
Interest income				
Expected return on pension and other post-employment benefit plan assets	**154**	168	**462**	504
Interest and similar income	**76**	133	**170**	369
	230	301	**632**	873
Interest expense				
Interest cost for pension and other post-employment benefit plans	**(251)**	(238)	**(753)**	(716)
Interest and similar expenses	**(100)**	(247)	**(418)**	(753)
	(351)	(485)	**(1,171)**	(1,469)

5. Intangible assets

Intangible assets are comprised as follows:

In millions of euros	**Sept. 30, 2010**	Dec. 31, 2009
Goodwill	**711**	694
Development costs	**5,870**	5,353
Other intangible assets	**784**	706
	7,365	6,753

6. Investments accounted for using the equity method

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

Amounts in millions of euros	EADS	Tognum	Kamaz	Others[1]	Total
September 30, 2010					
Equity interest (in %)	**22.5**	**28.4**	**15.0**	**-**	**-**
Equity investment	**1,625**	**667**	**144**	**526**	**2,962**
Equity result (Q3 2010)[2]	**3**	**(4)**	**1**	**8**	**8**
Equity result (Q1-3 2010)[2]	**(261)**	**(1)**	**(1)**	**57**	**(206)**
December 31, 2009					
Equity interest (in %)	22.5	28.4	10.0	-	-
Equity investment	3,112	671	87	425	4,295
Equity result (Q3 2009)[2]	24	(2)	(3)	(12)	7
Equity result (Q1-3 2009)[2]	122	(5)	(12)	(10)	95

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

EADS. For the purpose of its 2009 consolidated financial statements, EADS determined its loss provision regarding the A400M military transporter program based on the best estimate of its management. The amount recognized at EADS reflects in particular the status of some elements of the ongoing negotiations between EADS and the Launch Nations as of December 31, 2009, and adjustments to actual values as well as the expected total costs of the A400M program as updated in December 2009. This resulted in expense, which Daimler had to recognize in its equity result for the three months ended March 31, 2010 due to the recognition of the proportionate results with a three-month time lag. The Group's proportionate share in those expenses was €237 million.

On March 13, 2007, a subsidiary of Daimler which holds Daimler's 22.5% interest in EADS issued equity interests to investors in exchange for €1,554 million of cash. In this regard, between July 1, 2010 and September 30, 2010, Daimler had the option to exchange the newly issued equity interests for a 7.5% equity interest in EADS or for cash equivalent to the fair value of the 7.5% equity interest in EADS at that time. In March 2010, Daimler decided not to make use of this option. Therefore, Daimler will continue to base its equity-method accounting of EADS on a 22.5% equity interest.

In connection with the stronger US dollar, especially the measurement of cash flow hedges resulted in negative amounts recognized in equity without an effect on earnings at EADS in the second quarter of 2010. This led to a decrease in Daimler's equity investment in EADS of approximately €0.7 billion in the third quarter of 2010. Also in future periods, due to a high hedging ratio and currently volatile exchange rates amounts recognized in equity without an effect on earnings relating to the measurement of cash flow hedges at EADS could lead to major changes in Daimler's equity investment in EADS.

7. Inventories

Inventories are comprised as follows:

In millions of euros	Sept. 30, 2010	Dec. 31, 2009
Raw materials and manufacturing supplies	**1,667**	1,517
Work in progress	**2,202**	1,626
Finished goods, parts and products held for resale	**10,430**	9,666
Advance payments to suppliers	**87**	36
	14,386	12,845

8. Equity

Share buy back program. The resolution issued by the Annual Meeting on April 8, 2009 that authorized Daimler AG to acquire, until October 8, 2010, treasury shares for certain predefined purposes up to 10% of the share capital as of the day of the resolution was terminated by resolution of the Annual Meeting on April 14, 2010 insofar as it had not been utilized. Simultaneously, the Board of Management, with the consent of the Supervisory Board, was again authorized to acquire, until April 13, 2015, treasury shares for all legally permissible purposes, up to 10% of the share capital as of the date of that resolution. Among other things, the purposes could be to cancel the acquired shares, or to use them, under exclusion of the shareholders' rights to subscribe to the Company's treasury shares, to acquire companies and/or interest in companies, or to sell them to third parties for cash, whereas the transaction price must not be materially below the stock price at the date of the transaction. In addition, the Board of Management was authorized to acquire, with the consent of the Supervisory Board, treasury shares for the aforementioned purposes using derivatives (put or call options or a combination both). In this case, shareholders' subscription rights are excluded and the authorization is limited to an amount of up to 5% of the share capital as of the day of that resolution. The period of the individual options may not exceed 18 months and all options must terminate on April 13, 2015 at the latest.

Treasury shares. During the first nine months of 2010, approximately 38 million treasury shares in an amount of €1,474 million were used to fulfill obligations of the Daimler Group. Approximately 3 million shares were used to settle obligations towards former AEG shareholders from the final judgment in the litigation regarding the domination and profit and loss transfer agreement between the former Daimler-Benz AG and the former AEG AG ("Spruchverfahren"). Furthermore, approximately 35 million shares were reissued in connection with the cross-shareholding structure between Daimler AG, Renault SA and Nissan Motor Company Ltd. (see also Note 2). In the course of the transactions, Daimler used its treasury stock acquired in previous periods as well as treasury shares that were newly acquired in the second quarter of 2010. The remaining treasury shares held by Daimler AG amount to approximately 0.3 million as of September 30, 2010.

In 2010, Daimler purchased and reissued 0.4 million Daimler shares to employees in connection with an employee share purchase plan. In 2009, Daimler shares were neither purchased nor reissued to employees.

Authorized capital. The Annual Meeting of April 8, 2009 authorized the Board of Management, with the consent of the Supervisory Board, to increase Daimler AG's share capital in the period until April 7, 2014 by a total of €1.0 billion in one lump sum or by separate partial amounts at different times by issuing new, registered no-par-value shares in exchange for cash and/or non-cash contributions (Approved Capital 2009). Among other things, the Board of Management was authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions. The new Approved Capital 2009 came into effect with its entry in the Commercial Register on June 5, 2009.

Conditional Capital. As the resolution adopted at the Annual Meeting on April 6, 2005 to issue convertible bonds and/or bonds with warrants expired on April 5, 2010 without being exercised, a resolution was passed at the Annual Meeting on April 14, 2010 to cancel the existing Conditional Capital I and to grant authorization to issue a new Conditional Capital 2010. By this resolution, the Board of Management, with the consent of the Supervisory Board, was authorized to issue bearer and/or registered convertible bonds and/or bonds with warrants or a combination of these instruments ("bonds") with a total face value of up to €10.0 billion and a maturity of no more than ten years, until April 13, 2015. The Board of Management is allowed to grant the holders of these bonds conversion rights or warrant rights for new registered no-par-value shares in Daimler AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can, with the consent of the Supervisory Board, also be issued by majority-owned direct or indirect subsidiaries of Daimler AG. They can also be issued once or several times, wholly or in installments or simultaneously in various tranches. Among other things, the terms and conditions can stipulate obligatory conversions of the bonds. The Board of Management was also authorized, under certain specified conditions and with the consent of the Supervisory Board, to exclude shareholders' subscription rights for the bonds. The resolution of the Annual Meeting on the creation of Conditional Capital 2010 was recorded in the Commercial Register on June 15, 2010.

9. Pensions and similar obligations

Net pension cost. The components of net pension cost from defined benefit plans for the three-month periods ended September 30, 2010 and 2009 are as follows:

			Q3 2010			Q3 2009
In millions of euros	Total	German plans	Non-German plans	Total	German plans	Non-German plans
Current service cost	**(84)**	**(65)**	**(19)**	(71)	(55)	(16)
Interest cost	**(214)**	**(184)**	**(30)**	(211)	(184)	(27)
Expected return on plan assets	**151**	**126**	**25**	164	142	22
Amortization of net actuarial losses	**(19)**	**(17)**	**(2)**	(7)	(4)	(3)
Past service cost	**(2)**	**-**	**(2)**	-	-	-
Net periodic pension cost	**(168)**	**(140)**	**(28)**	(125)	(101)	(24)
Curtailments and settlements	**22**	**-**	**22**	(1)	-	(1)
	(146)	**(140)**	**(6)**	(126)	(101)	(25)

For the nine-month periods ended September 30, 2010 and 2009, the components of net pension cost from defined benefit plans are as follows:

			Q1-3 2010			Q1-3 2009
In millions of euros	Total	German plans	Non-German plans	Total	German plans	Non-German plans
Current service cost	**(251)**	**(197)**	**(54)**	(221)	(167)	(54)
Interest cost	**(644)**	**(552)**	**(92)**	(635)	(550)	(85)
Expected return on plan assets	**455**	**378**	**77**	495	426	69
Amortization of net actuarial losses	**(59)**	**(50)**	**(9)**	(20)	(11)	(9)
Past service cost	**(2)**	**-**	**(2)**	-	-	-
Net periodic pension cost	**(501)**	**(421)**	**(80)**	(381)	(302)	(79)
Curtailments and settlements	**14**	**-**	**14**	(12)	-	(12)
	(487)	**(421)**	**(66)**	(393)	(302)	(91)

Contributions by the employer to plan assets. In the three- and nine-month periods ended September 30, 2010, contributions by Daimler to the Group's pension plans were €27 million and €79 million.

10. Provisions for other risks

Provisions for other risks are comprised as follows:

	September 30, 2010			December 31, 2009		
In millions of euros	Current	Non-current	Total	Current	Non-current	Total
Product warranties	**2,803**	**2,890**	**5,693**	2,874	2,615	5,489
Sales incentives	**1,143**	**2**	**1,145**	914	-	914
Personnel and social costs	**1,300**	**1,260**	**2,560**	803	1,251	2,054
Other	**1,397**	**1,051**	**2,448**	1,720	830	2,550
	6,643	**5,203**	**11,846**	6,311	4,696	11,007

11. Financing liabilities

Financing liabilities are comprised as follows:

	September 30, 2010			December 31, 2009		
In millions of euros	Current	Non-current	Total	Current	Non-current	Total
Notes/bonds	**9,804**	**16,999**	**26,803**	7,972	22,123	30,095
Commercial paper	**81**	**-**	**81**	176	-	176
Liabilities to financial institutions	**6,730**	**7,794**	**14,524**	6,066	6,934	13,000
Deposits in the direct banking business	**7,909**	**2,810**	**10,719**	9,403	3,195	12,598
Liabilities from ABS transactions	**643**	**607**	**1,250**	753	539	1,292
Liabilities from finance leases	**79**	**389**	**468**	49	348	397
Loans, other financing liabilities	**485**	**80**	**565**	617	119	736
	25,731	**28,679**	**54,410**	25,036	33,258	58,294

12. Legal Proceedings

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

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

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

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

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

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

Daimler has also had communications with and provided documents to the offices of German public prosecutors regarding the matters that have been under investigation by the DOJ and SEC.

13. Segment reporting

Segment information for the three-month periods ended September 30, 2010 and 2009 is as follows:

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Recon-ciliation	Daimler Group
Q3 2010								
Revenue	**13,208**	**5,912**	**1,876**	**990**	**3,085**	**25,071**	**-**	**25,071**
Intersegment revenue	**453**	**521**	**27**	**17**	**173**	**1,191**	**(1,191)**	**-**
Total revenue	**13,661**	**6,433**	**1,903**	**1,007**	**3,258**	**26,262**	**(1,191)**	**25,071**
Segment profit (EBIT)	**1,299**	**500**	**122**	**11**	**317**	**2,249**	**169**	**2,418**
Thereof share of profit (loss) from investments accounted for using the equity method	**(1)**	**12**	**-**	**-**	**(2)**	**9**	**(1)**	**8**

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Recon-ciliation	Daimler Group
Q3 2009								
Revenue	9,864	3,995	1,584	1,008	2,721	19,172	138	19,310
Intersegment revenue	374	393	17	16	143	943	(943)	-
Total revenue	10,238	4,388	1,601	1,024	2,864	20,115	(805)	19,310
Segment profit (loss) (EBIT)	355	(127)	1	23	101	353	117	470
Thereof share of profit (loss) from investments accounted for using the equity method	(15)	(2)	(2)	-	4	(15)	22	7

Segment information for the nine-month periods ended September 30, 2010 and 2009 is as follows:

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Recon-ciliation	Daimler Group
Q1-3 2010								
Revenue	**37,969**	**15,738**	**5,362**	**3,187**	**9,109**	**71,365**	**-**	**71,365**
Intersegment revenue	**1,305**	**1,421**	**215**	**36**	**532**	**3,509**	**(3,509)**	**-**
Total revenue	**39,274**	**17,159**	**5,577**	**3,223**	**9,641**	**74,874**	**(3,509)**	**71,365**
Segment profit (EBIT)	**3,481**	**930**	**313**	**131**	**607**	**5,462**	**250**	**5,712**
Thereof share of profit (loss) from investments accounted for using the equity method	**34**	**28**	**(4)**	**-**	**(2)**	**56**	**(262)**	**(206)**

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Recon-ciliation	Daimler Group
Q1-3 2009								
Revenue	28,959	12,356	4,217	3,000	8,653	57,185	416	57,601
Intersegment revenue	914	1,167	156	31	469	2,737	(2,737)	-
Total revenue	29,873	13,523	4,373	3,031	9,122	59,922	(2,321)	57,601
Segment profit (loss) (EBIT)	(1,108)	(777)	(100)	137	13	(1,835)	(126)	(1,961)
Thereof share of profit (loss) from investments accounted for using the equity method	(8)	(15)	(6)	-	6	(23)	118	95

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

In millions of euros	**Q3 2010**	Q3 2009	**Q1-3 2010**	Q1-3 2009
Total segments' profit (loss) (EBIT)	**2,249**	353	**5,462**	(1,835)
Share of profit (loss) from investments accounted for using the equity method[1]	**(1)**	22	**(262)**	118
Other corporate items	**191**	76	**490**	(402)
Eliminations	**(21)**	19	**22**	158
Group EBIT	**2,418**	470	**5,712**	(1,961)
Interest income	**230**	301	**632**	873
Interest expense	**(351)**	(485)	**(1,171)**	(1,469)
Profit (loss) before income taxes	**2,297**	286	**5,173**	(2,557)

1 Mainly comprises the Group's proportionate shares in the results of EADS and Tognum. See Note 6 for further information.

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 third quarter of 2010, the corporate items mainly comprise a pre-tax gain of €218 million related to the positive decision in October 2010 on a lawsuit against Daimler AG.

14. Related party relationships

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

	Sales of goods and services and other income				Purchases of goods and services and other expense			
In millions of euros	**Q3 2010**	Q3 2009	**Q1-3 2010**	Q1-3 2009	**Q3 2010**	Q3 2009	**Q1-3 2010**	Q1-3 2009
Associated companies	**172**	86	**421**	809	**67**	50	**139**	1,044
Joint ventures	**354**	111	**808**	402	**15**	3	**59**	24

	Receivables		Payables	
In millions of euros	**Sept. 30, 2010**	Dec. 31, 2009	**Sept. 30, 2010**	Dec. 31, 2009
Associated companies	**164**	146	**24**	27
Joint ventures	**380**	106	**155**	178

The transactions with associated companies shown in the table above include, among others, transactions between the Group and our associated company Tognum AG (Tognum). Tognum purchases engines, parts and services from the Group.

In the prior-year periods, income and expenses resulting from transactions with Chrysler Holding LLC (Chrysler Holding) are also included in the above table in the line “Associated companies.” Therein also included is a gain before income taxes of €0.1 billion in connection with the legal transfer of Chrysler’s international sales activities to Chrysler LLC. Due to the redemption of the equity interest in Chrysler Holding on June 3, 2009, no receivables or payables had to be reported at December 31, 2009.

In addition, in the prior year, significant other goods and services supplied or received by the Group relate to McLaren Group Ltd. (McLaren). The respective income and expenses are also included in the above table in the line “Associated companies.” After the agreement was reached with McLaren in November 2009 to change the form of cooperation, McLaren was no longer a related party to the Group.

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

Since the second quarter of 2010, further material sales of goods and services relate to the business relationship with the Chinese joint venture Fujian Daimler Automotive Co. Ltd. (FJDA). FJDA assembles and distributes vans under the brand name Mercedes-Benz in China.

Further transactions with joint ventures in the prior-year periods relate to transactions with the joint venture MTU Detroit Diesel Australia Pty. Ltd. (MTU). MTU sold off- and on-highway engines and transmissions for commercial vehicles. Income resulting from these transactions is also included in the table above in the line “Joint ventures.”

In connection with the Group’s 45% equity interest in Toll Collect GmbH, Daimler has provided a number of guarantees for Toll Collect, which are not included in the table above (€115 million as of September 30, 2010 and as of December 31, 2009).

Shareholders. The Group distributes vehicles in Turkey through a dealership, which also holds a minority interest in one of the Group’s subsidiaries. In addition, the Group has business relationships with vehicle importers in certain other countries that also hold minority interests in Group companies. In the three- and nine-month periods ended September 30, 2010, revenue generated by transactions with these entities amounted to €94 million and €212 million (2009: €31 million and €130 million) and expenses amounted to €6 million and €18 million (2009: €4 million and €18 million). The expenses primarily resulted from the depreciation of purchased vehicles.

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

Concept and contents

Daimler AG
Investor Relations

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

Financial Calendar 2010 | 2011

Interim Report Q3 2010
October 28, 2010

Annual press conference and conference call for analysts and investors
February 16, 2011

Presentation of Annual Report 2010
March 2, 2011

Annual Meeting 2011
Messe Berlin
April 13, 2011

Interim Report Q1 2011
April 28, 2011

Interim Report Q2 2011
July 26, 2011

Interim Report Q3 2011
October 26, 2011

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