

DAIMLER

Interim Report Q1 2014



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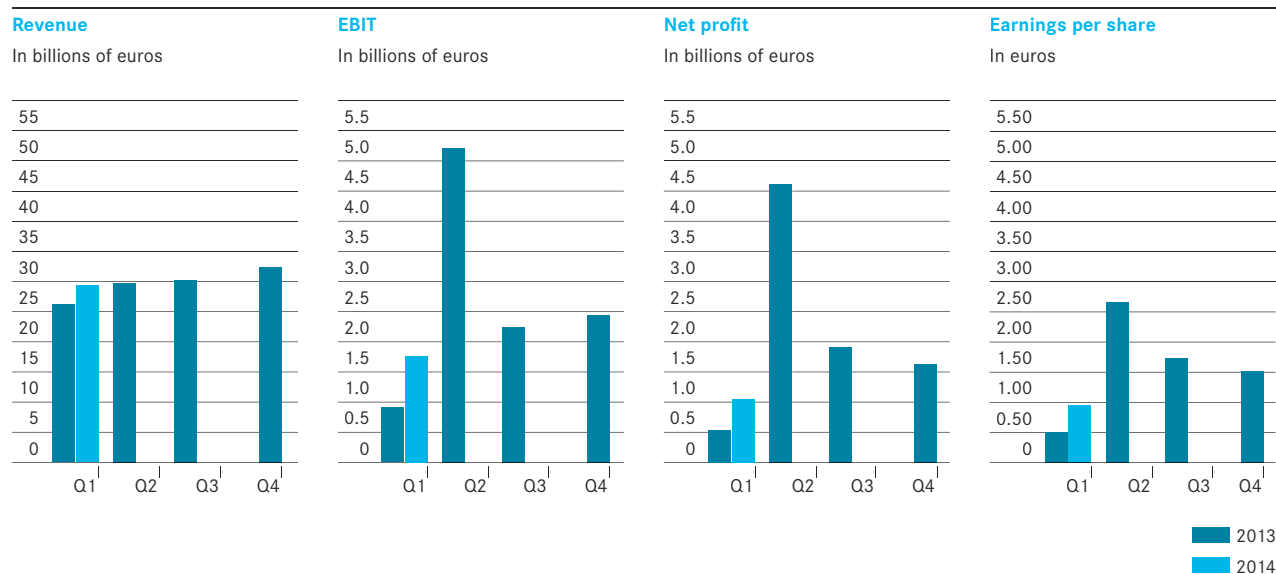
Mercedes-Benz is setting new standards in the premium mid-range class with the all-new C-Class sedan. Thanks to an intelligent lightweight concept, excellent aerodynamics and new, economical engines, the C-Class achieves top values for efficiency in its segment. Other appealing features are its sensual and clear design, many technical innovations and extensive standard equipment. The new C-Class was successfully launched in the European market this March.

Q1

Key Figures Daimler Group

Amounts in millions of euros	Q1 2014	Q1 2013	% change
Revenue	29,457	26,102	+13 ¹
Western Europe	10,056	9,017	+12
thereof Germany	4,813	4,280	+12
NAFTA	8,330	7,529	+11
thereof United States	7,347	6,523	+13
Asia	7,050	5,216	+35
thereof China	3,277	2,152	+52
Other markets	4,021	4,340	-7
Employees (March 31)	276,322	274,555	+1
Investment in property, plant and equipment	1,043	1,058	-1
Research and development expenditure	1,351	1,360	-1
thereof capitalized development costs	275	319	-14
Free cash flow of the industrial business	694	-1,152	.
EBIT	1,787	917	+95
Net profit	1,086	564	+93
Earnings per share (in euros)	0.96	0.50	+92

¹ Adjusted for the effects of currency translation, increase in revenue of 18%.



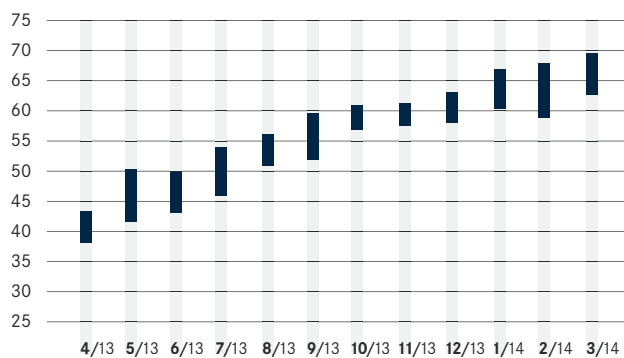
Daimler and the Capital Market.

Key figures

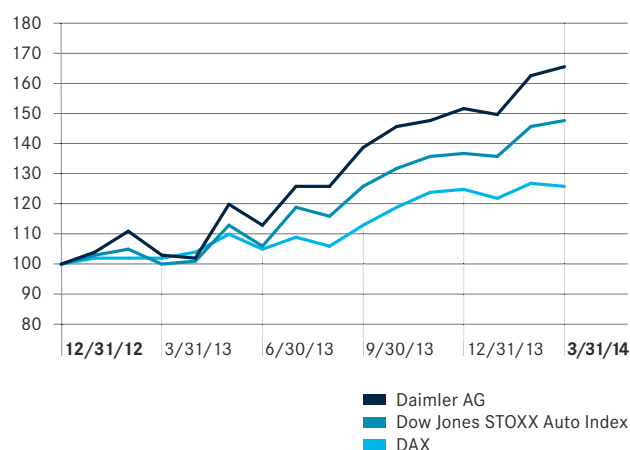
	Q1 2014	Q1 2013	% change
Earnings per share (in €)	0.96	0.50	+92
Outstanding shares (in millions)	1,069.8	1,067.9	+0
Market capitalization (€ billion)	73.38	45.33	+62
Xetra closing price (in €)	68.59	42.45	+62

Daimler share price (highs and lows) in 2013/2014

in €



Share-price development (indexed)



Daimler share price develops better than DAX in Q1

Our stock began the year 2014 with a continuation of the positive development of the previous year. At the end of January, however, equity markets were negatively affected by turbulences in important emerging markets. Investors reacted with uncertainty and profit-taking. The publication of our results for financial year 2013 in February 2014 was received very positively by the capital market. For the first time, Daimler organized an investors' conference in Stuttgart. In view of the good results of the year 2013, a proposed dividend of €2.25 per share and ongoing strong product momentum, our share price rose by 2.6% to €62.48 on the day of publication. In the second half of the first quarter, stock markets remained stable despite political uncertainties, and our share price actually continued to rise. Overall, Daimler's share price increased by 9% in the first quarter to €68.59 at closing on March 31, thus developing slightly better than the Dow Jones STOXX Auto Index (+8%) and significantly better than the DAX (+0%). Market capitalization at the end of the quarter was €73.4 billion.

Capital market used for attractive financing

The Daimler Group once again undertook refinancing at attractive conditions in the international money and capital markets in the first quarter of 2014. In January 2014, Daimler AG issued an eight-year bond in the euro market with a volume of €750 million. In March, Daimler Finance North America LLC issued bonds with maturities of three and seven years and a total volume of \$2.15 billion in the US capital market. In addition, we conducted several smaller issuances in various countries and currencies. And in March 2014, we were the first international company to issue a bond in the People's Republic of China, a so-called panda bond. In early April 2014, we conducted an asset-backed securities (ABS) transaction in the United States with a volume of approximately \$2 billion.

Interim Management Report.

Unit sales significantly above prior-year level at 565,800 units

Revenue up by 13% to €29.5 billion

Group EBIT of €1,787 million (Q1 2013: €917 million)

Net profit of €1,086 million (Q1 2013: €564 million)

Significant growth in unit sales and revenue anticipated for full-year 2014

Group EBIT from ongoing business expected to be significantly higher than in 2013

Business development

Moderate expansion of world economy

The **world economy** seems to have continued its upward trend in the first quarter of 2014, although there were some dampened expectations for global growth. In the United States, the unusually hard winter had a negative impact on the economy at the beginning of the year. A positive factor here, however, was that the smoothly reached agreement on increasing the public debt ceiling removed a major economic risk for 2014. In Western Europe, key sentiment indicators continued their solid development and confirmed that the region's economy is still rather weak, but the trend is positive. However, developments were critical in some emerging markets, which were affected by capital outflows, stock-market losses, currency depreciations and higher inflation. The latest events in the Ukraine have already triggered significant economic setbacks, especially in Russia. Against this backdrop, global equity markets developed rather unevenly and were very volatile, while the euro was generally quite strong.

Worldwide demand for cars continued to grow in the first quarter. Above all, market developments in the more mature economies were generally positive, despite a slowdown in the United States. But with the exception of China, sales in some large emerging economies were still rather unfavorable due to the difficult economic conditions. The US market was affected by extreme weather conditions at the beginning of the year. In March, however, a significant catch-up effect was to be observed, so demand in the full quarter was slightly higher than in the prior-year period. The Western European market expanded by 7% compared with the low level of the prior-year period. The five largest individual markets all recorded perceptible growth. Demand in Japan featured purchases brought forward to avoid the higher rate of value-added tax that came into force in April, so the market was more than 20% larger than in the first quarter of last year. The upward trend in China remained intact, with double-digit increases in car sales also at the beginning of the year. But the Russian market was affected by the country's weak economy and the Crimea crisis and contracted slightly compared with the prior-year period. Demand in India remained weak and was significantly lower than in the first quarter of 2013.

Demand for **medium- and heavy-duty trucks** developed disparately in the various regions in the first quarter. The North American market was affected by the hard winter at the beginning of the year and at first displayed little dynamism. Nonetheless, thanks to a favorable development in March, demand in the full quarter was significantly higher than in the prior-year period. In Europe, the market in the first quarter continued to be affected by purchases brought forward due to the introduction of Euro VI emission standards, and was significantly larger than in the weak first quarter of last year. The Japanese market for light-, medium- and heavy-duty trucks also reflected a special effect. Purchases were brought forward due to an increase in value-added tax in April, with the result that demand was higher than in the prior-year period by significant double-digit percentages. Sales of trucks in Brazil developed weakly at the beginning of the year and were significantly lower than in the first quarter of 2013. The main reasons here were the ongoing lack of economic dynamism and less favorable financing conditions in connection with the state support programs. The difficult economic conditions in many emerging markets continued to depress demand for trucks in India and Russia. Although the downward trend is no longer accelerating in India, the market still contracted by a significant double-digit rate compared with the prior-year period. The Russian market is also likely to have been smaller than in the prior-year quarter by a double-digit percentage. China, the world's biggest truck market, expanded significantly but its expansion slowed down towards the end of the quarter.

Demand for **vans** in Europe increased slightly compared with the first quarter of last year. The North American van market benefited from an even stronger recovery.

In the first three months of 2014, the **bus market** in Western Europe developed at the previous year's level, as expected. Demand decreased in Eastern Europe, however. Due to the difficult economic situation in Argentina, the Latin American market was also smaller than in the prior-year period.

Growth in first-quarter unit sales

In the first quarter of 2014, the Daimler Group sold 565,800 passenger cars and commercial vehicles worldwide, surpassing the prior-year total by 13%.

Mercedes-Benz Cars posted its strongest first quarter for unit sales in its history, selling 389,500 vehicles. The division sold 59,100 vehicles in Germany (Q1 2013: 61,100), 93,200 in Western Europe excluding Germany (+5%) and 76,900 in the United States (+13%). Mercedes-Benz Cars recorded strong first-quarter unit sales also in Japan (+44%) and South Korea (+44%). In China, unit sales improved substantially compared with the prior-year period to the number of 70,300 vehicles (+52%).

Unit sales by **Daimler Trucks** of 108,500 vehicles were 7% above the prior-year period. The markets of Western Europe, North America and Japan developed positively, while demand decreased in the emerging markets. Our unit sales in Western Europe of 11,600 vehicles were slightly below the prior-year level. Many customers in this region had brought their purchases forward to the second half of 2013, before the new Euro VI emission standards came into force at the beginning of 2014. In Germany, however, Daimler Trucks achieved a 5% increase in unit sales. With our Mercedes-Benz trucks, we remain the market leader by a significant margin in the region of Western Europe as well as in the core market of Germany, with market shares of 22.0% and 38.1% respectively. Our sales in Latin America decreased by 22% to 10,200 units. Demand for trucks in that region was reduced by the current conditions. Nonetheless, we slightly increased our market share in Brazil with our Mercedes-Benz vehicles. In the NAFTA region, our sales of 34,600 units were 13% higher than in the prior-year quarter. In Class 6-8, we achieved a market share of 40.1% with our North American brands, defending our market leadership with a significant margin. Unit sales in Asia rose by 15% to 40,600 vehicles. One reason for the increased demand in Japan was the increase in value-added tax as of April 1, 2014.

Unit sales by **Mercedes-Benz Vans** rose in the first quarter of 2014 by 16% to 61,100 vehicles, with a 20% increase in its core region of Western Europe to 39,100 vehicles. The growth trend continued in Eastern Europe; despite a difficult situation in Turkey, sales in this region increased from 5,200 to 6,000 units. In the United States, sales of 5,000 vans were 26% above the prior-year level. We posted double-digit growth rates also in China, where unit sales were up by 14% to 2,700 vehicles. In Latin America, however, sales of 3,600 units were below the prior-year level (Q1 2013: 4,100).

First-quarter unit sales by **Daimler Buses** of 6,700 buses and bus chassis were significantly higher than the total of 6,000 units sold in the same period of last year. Growth in Western Europe due to increased demand for complete buses more than offset the decrease in unit sales of bus chassis in Latin America. We sold 1,100 buses in Western Europe, which is twice as many as in the prior-year quarter. Unit sales in Latin America (excluding Mexico) decreased slightly to 4,000 bus chassis (Q1 2013: 4,100).

At **Daimler Financial Services**, new business increased compared with the prior-year quarter by 14% to €9.8 billion. Contract volume of €84.3 billion at March 31 was slightly higher than the level at the end of 2013.

The Daimler Group's first-quarter **revenue** amounted to €29.5 billion, which is 13% higher than in the first quarter of 2013. Adjusted for exchange-rate effects, revenue grew by 18%.

The Mercedes-Benz Cars division achieved a disproportionately high increase in revenue compared with unit sales due to the more favorable model mix. At Daimler Trucks, revenue of €7.1 billion was only slightly above the prior-year level, despite growth in unit sales of 7%, because currency translation had a negative impact on revenue. The Mercedes-Benz Vans division increased its unit sales by 11% to €2.2 billion. Daimler Buses also achieved double-digit revenue growth, with a positive impact in particular from the high proportion of complete buses sold.

C.01

Unit sales by division

	Q1 2014	Q1 2013	% change
Daimler Group	565,799	501,600	+13
Mercedes-Benz Cars	389,476	341,511	+14
Daimler Trucks	108,529	101,433	+7
Mercedes-Benz Vans	61,119	52,623	+16
Daimler Buses	6,675	6,033	+11

C.02

Revenue by division

In millions of euros	Q1 2014	Q1 2013	% change
Daimler Group	29,457	26,102	+13
Mercedes-Benz Cars	17,004	14,110	+21
Daimler Trucks	7,121	7,024	+1
Mercedes-Benz Vans	2,212	1,986	+11
Daimler Buses	859	751	+14
Daimler Financial Services	3,809	3,577	+6

Profitability

The **Daimler Group** posted EBIT of €1,787 million for the first quarter of 2014, which was significantly higher than the figure for the prior-year period (Q1 2013: €917 million). ↗ **C.03**

This substantial increase in earnings was primarily due to the very positive development of unit sales and revenue at all divisions. In addition, the current product mix at Mercedes-Benz Cars and the increasing effect of the efficiency measures implemented at all divisions also had positive effects on EBIT. Foreign exchange rates had a negative impact on earnings, however. EBIT was also reduced by expenses in connection with hedging Daimler's equity interests in Tesla Motors, Inc. (Tesla) and Rolls-Royce Power Systems Holding GmbH (RRPSH). Without these special items, operating profit would have more than doubled compared with the prior-year period. For further information on Tesla and RRPSH, we refer to the sections "Important events" and "Events after the end of the interim reporting period."

The special items shown in table ↗ **C.04** affected EBIT in the first quarter of 2014 and 2013.

C.03

EBIT by segment

In millions of euros	Q1 2014	Q1 2013	% change
Mercedes-Benz Cars	1,183	460	+157
Daimler Trucks	341	116	+194
Mercedes-Benz Vans	123	81	+52
Daimler Buses	53	-31	.
Daimler Financial Services	397	314	+26
Reconciliation	-310	-23	.
Daimler Group	1,787	917	+95

C.04

Special items affecting EBIT

In millions of euros	Q1 2014	Q1 2013
Daimler Trucks		
Workforce adjustments	-5	-13
Daimler Buses		
Business repositioning	-1	-4
Reconciliation		
Measurement of put option for RRPSH	-118	-15
Hedge of Tesla share price	-161	-

The EBIT of the **Mercedes-Benz Cars** division of €1,183 million was significantly higher than the figure for the prior-year period of €460 million. The division's return on sales was 7.0% (Q1 2013: 3.3%). ↗ **C.03**

The earnings development primarily reflects the ongoing growth in unit sales, especially in China and the United States. This growth was driven in particular by the S-Class and the E-Class, as well as by the expanded range of compact cars. Mercedes-Benz Cars achieved earnings growth also as a result of better pricing. Efficiency actions from the "Fit for Leadership" program also had a positive impact on earnings. There were negative effects on earnings from expenses for the enhancement of products' attractiveness, capacity expansions and advance expenditure for new technologies and vehicles. Exchange rate effects also had a negative impact on earnings.

The first-quarter EBIT of **Daimler Trucks** of €341 million was significantly higher than in the previous year (Q1 2013: €116 million). The division's return on sales was 4.8% (Q1 2013: 1.7%). ↗ **C.03**

In particular, increased unit sales in the NAFTA region and Asia contributed positively to the development of earnings. In Japan, there was a significant positive effect on demand from the increase in value-added tax as of April 1, 2014. There were negative effects on Daimler Trucks' earnings, however, from lower unit sales in Latin America and from foreign exchange rates. Furthermore, expenses of €5 million were incurred for workforce adjustments in connection with the ongoing optimization programs in Germany and Brazil. The efficiency measures of the "Daimler Trucks #1" program and lower warranty costs had a positive effect on earnings.

Mercedes-Benz Vans achieved first-quarter EBIT of €123 million (Q1 2013: 81 million). The division's return on sales increased to 5.6% from 4.1% in the prior-year period. ↗ **C.03**

Earnings in the first quarter of this year reflect the positive development of unit sales and revenue, which resulted from a significant increase in demand, especially in Europe and the NAFTA region. EBIT also benefited from improved pricing. There were opposing effects from expenses related to the launch of the new V-Class.

The EBIT of the **Daimler Buses** division amounted to plus €53 million (Q1 2013: minus €31 million) and its return on sales was 6.2% (Q1 2013: minus 4.1%). ↗ **C.03**

Compared with the prior-year quarter, revenue increased due to the positive development of sales of complete buses and an advantageous model mix in Western Europe, which made a significant contribution to the improvement in earnings. Further improvements in efficiency also had a positive impact on earnings.

With EBIT of €397 million for the first quarter of this year, the **Daimler Financial Services** division significantly surpassed its prior-year result (Q1 2013: €314 million). ↗ C.03

The main reasons for this earnings growth were the increased contract volume and a gain of €45 million on the sale of a non-automotive-related asset in the United States. However, exchange rate effects had a negative impact on EBIT.

The **reconciliation** of the divisions' EBIT to Group EBIT comprises income and expenses at the corporate level as well as effects on earnings from the elimination of intra-group transactions between the divisions.

Until the sale of the remaining EADS shares in the second quarter of 2013, income and expenses at the corporate level included Daimler's proportionate share of the earnings of the equity-method investment in EADS, which amounted to €34 million in the first quarter of 2013.

Other items at the corporate level resulted in an expense of €314 million (Q1 2013: €91 million). This includes the expenses from hedging the price of Tesla shares of €161 million. In the first quarter of 2014, Daimler's Board of Management and Supervisory Board decided to transfer the 50% interest in RRPSH to the partner Rolls-Royce Holdings plc. In this context, Daimler exercised the put option on the investment in RRPSH agreed upon in 2011; this resulted in an expense of €118 million in the first quarter of 2014. In mid-April 2014, the sale of the shares in RRPSH was agreed upon for a price of €2.43 billion; the carrying amount of the investment at March 31, 2014 was €1.42 billion. The transaction is expected to be closed by the end of 2014, but is still subject to the approval of the antitrust and foreign-trade authorities.

The elimination of intra-group transactions resulted in income of €4 million in the first quarter of 2014 (Q1 2013: €34 million).

Net interest expense amounted to €135 million (Q1 2013: €157 million). Expenses in connection with pension and healthcare benefits obligations were slightly below the prior-year level. Other interest result improved due to the reduced costs of maintaining liquidity following the successive expiry of refinancing at high interest rates. There was an opposing effect from lower income from cash deposits and from the measurement of interest-rate hedges.

The expense of €564 million entered under **income-tax expense** increased by €368 million compared with the prior-year period, primarily due to the higher profit before income taxes.

Net profit for the first quarter of 2014 amounted to €1,086 million (Q1 2013: €564 million). Net profit of €59 million is attributable to non-controlling interest (Q1 2013: €28 million) and net profit of €1,027 million is **attributable to the shareholders of Daimler AG** (Q1 2013: €536 million); **earnings per share** therefore amount to €0.96 (Q1 2013: €0.50).

The calculation of earnings per share (basic) is based on an average number of outstanding shares of 1,069.8 million (Q1 2013: 1,067.7 million).

Cash flows

Cash provided by operating activities ↗ C.05 increased by €1.3 billion to €1.7 billion. This increase is primarily due to the higher level of profit before income taxes (plus €0.9 billion). In addition, compared to the first quarter of previous year, there was a smaller increase in working capital. The comparatively high inventory increase was more than offset by the development of trade receivables and payables. Growth in new business in leasing and sales financing once again surpassed the high level of the prior-year period. Another factor was that income-tax payments decreased in the first quarter of 2014 in connection with the final assessment of previous years; the tax refund received in the first quarter of 2014 will be offset during the rest of the year.

C.05

Condensed consolidated statement of cash flows

In millions of euros	Q1 2014	Q1 2013	Change
Cash and cash equivalents at beginning of period	11,053	10,996	+57
Cash provided by operating activities	1,693	434	+1,259
Cash used for investing activities	-828	-2,260	+1,432
Cash provided by/used for financing activities	-38	2,119	-2,157
Effect of exchange-rate changes on cash and cash equivalents	-61	66	-127
Cash and cash equivalents at end of period	11,819	11,355	+464

C.06

Free cash flow of the industrial business

In millions of euros	Q1 2014	Q1 2013	Change
Cash provided by operating activities	2,062	454	+1,608
Cash used for investing activities	-890	-1,964	+1,074
Change in marketable debt securities	-465	430	-895
Other adjustments	-13	-72	+59
Free cash flow of the industrial business	694	-1,152	+1,846

C.07

Net liquidity of the industrial business

In millions of euros	Mar. 31, 2014	Dec. 31, 2013	Change
Cash and cash equivalents	10,925	9,845	+1,080
Marketable debt securities	4,811	5,303	-492
Liquidity	15,736	15,148	+588
Financing liabilities	-1,418	-1,324	-94
Market valuation and currency hedges for financing liabilities	156	10	+146
Financing liabilities (nominal)	-1,262	-1,314	+52
Net liquidity	14,474	13,834	+640

C.08

Net debt of the Daimler Group

In millions of euros	Mar. 31, 2014	Dec. 31, 2013	Change
Cash and cash equivalents	11,819	11,053	+766
Marketable debt securities	6,474	7,066	-592
Liquidity	18,293	18,119	+174
Financing liabilities	-77,837	-77,738	-99
Market valuation and currency hedges for financing liabilities	146	-3	+149
Financing liabilities (nominal)	-77,691	-77,741	+50
Net liquidity	-59,398	-59,622	+224

Cash used for investing activities ↗ C.05 amounted to €0.8 billion (Q1 2013: €2.3 billion). The change compared with the prior-year period resulted primarily from acquisitions and disposals of securities in the context of liquidity management. Those transactions resulted in a net cash inflow in the reporting period, whereas acquisitions of securities significantly exceeded disposals in the prior-year period. In addition, the slight decrease in investments in intangible assets had a positive impact. Investments in property, plant and equipment for the ramp-up of new products and for the expansion of production capacities remained at the high level of the previous year.

Cash provided by / used for financing activities ↗ C.05 resulted in a cash outflow of €38 million (Q1 2013: cash inflow of €2.1 billion). The change resulted almost solely from the reduction in financing liabilities (net).

Cash and cash equivalents increased compared with December 31, 2013 by €0.8 billion, after taking currency translation into account. Total liquidity, which also includes marketable debt securities, rose by €0.2 billion to €18.3 billion.

The parameter used by Daimler to measure the financial capability of the Group's industrial business is the **free cash flow of the industrial business** ↗ C.06, which is derived from the reported cash flows from operating and investing activities. The cash flows from the acquisition and sale of marketable debt securities included in cash flows from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow.

Other adjustments relate to additions to property, plant and equipment that are allocated to the Group as their beneficial owner due to the form of their underlying lease contracts. Furthermore, effects from the financing of dealerships within the group are adjusted. In addition, the calculation of the free cash flow includes those cash flows to be shown under cash provided by financing activities in connection with the acquisition or sale of interests in subsidiaries without the loss of control.

The free cash flow amounted to €0.7 billion in the first quarter of 2014. The positive profit contributions of the industrial business were offset by the increase in working capital, defined as the net change in inventories, trade receivables and trade payables, in a total amount of €0.2 billion. Positive effects resulted from the sale of trade receivables of companies in the industrial business to Daimler Financial Services. There were negative effects from high investments in property, plant and equipment and intangible assets. In addition, income-tax and interest payments reduced the free cash flow of the industrial business.

The increase in free cash flow of €1.8 billion was mainly due to higher profit contributions from the automotive divisions. Furthermore, a smaller increase in working capital was recorded as in the first quarter of previous year. The comparatively higher inventories were more than compensated by the development of trade receivables and trade payables.

The **net liquidity of the industrial business** ↗ C.07 is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and marketable debt securities included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

To the extent that the Group's internal refinancing of the financial services business is provided by the companies of the industrial business, this amount is deducted in the calculation of the net debt of the industrial business.

Compared with December 31, 2013, the net liquidity of the industrial business increased by €0.6 billion to €14.5 billion. The increase mainly reflects the free cash flow of €0.7 billion.

Net debt at Group level, which primarily results from the refinancing of the leasing and sales financing business, decreased by €0.2 billion compared with December 31, 2013. ↗ C.08

The Daimler Group once again utilized the attractive conditions in the international money and capital markets in the first quarter of 2014 for **refinancing**.

In the first quarter of 2014, Daimler had a cash inflow of €4.4 billion from the issuance of bonds (Q1 2013: €4.7 billion); outflows for the redemption of maturing bonds amounted to €3.3 billion (Q1 2013: €1.5 billion). ↗ C.09

In addition to the emissions shown in the table ↗ C.09, we undertook multiple smaller emissions in various countries and currencies. We were the first international company to issue a bond in the domestic capital market of the People's Republic of China.

Furthermore, in early April 2014, an asset-backed securities (ABS) transaction was conducted in the United States in a volume of approximately \$2 billion due to the very favorable market environment.

C.09

Benchmark emissions

Issuer	Volume	Month of emission	Maturity
Daimler AG	€750 million	Jan. 2014	Jan. 2022
Daimler Finance North America	\$1,500 million	Mar. 2014	Mar. 2017
Daimler Finance North America	\$650 million	Mar. 2014	Mar. 2021

Financial position

The Group's **balance sheet total** increased compared with December 31, 2013 from €168.5 billion to €171.7 billion. Daimler Financial Services accounts for €89.7 billion of the balance sheet total (December 31, 2013: €89.4 billion), equivalent to 52% of the Daimler Group's total assets (December 31, 2013: 53%).

The increase in total assets is primarily due to the high inventories and the increased financial services business. On the liabilities side of the balance sheet, the increase is accompanied by higher provisions and trade payables. Current assets account for 43% of total assets (December 31, 2013: 42%). Current liabilities account for 34% of total equity and liabilities (December 31, 2013: 35%).

C.10

Condensed consolidated statement of financial position

In millions of euros	Mar. 31, 2014	Dec. 31, 2013	% change
Assets			
Intangible assets	9,383	9,388	-0
Property, plant and equipment	21,933	21,779	+1
Equipment on operating leases and receivables from financial services	79,673	78,930	+1
Investments accounted for using the equity method	1,928	3,432	-44
Inventories	19,066	17,349	+10
Trade receivables	7,644	7,803	-2
Cash and cash equivalents	11,819	11,053	+7
Marketable debt securities	6,474	7,066	-8
Other financial assets	6,567	6,241	+5
Other assets	5,767	5,477	+5
Assets held for sale	1,415	-	-
Total assets	171,669	168,518	+2
Equity and liabilities			
Equity	43,485	43,363	+0
Provisions	24,541	23,098	+6
Financing liabilities	77,837	77,738	+0
Trade payables	10,601	9,086	+17
Other financial liabilities	8,321	8,276	+1
Other liabilities	6,884	6,957	-1
Total equity and liabilities	171,669	168,518	+2

Intangible assets of €9.4 billion include €7.3 billion of capitalized development costs and €0.7 billion of goodwill, as in the previous year. The Mercedes-Benz Cars division accounts for 67% of the development costs and the Daimler Trucks division accounts for 24%.

Capital expenditure was higher than depreciation, causing **property, plant and equipment** to rise to €21.9 billion (December 31, 2013: €21.8 billion). In the first quarter of 2014, a total of €1.0 billion was invested primarily at the sites in Germany for the ramp-up of new products, the expansion of production capacities and modernization.

Equipment on operating leases and receivables from financial services increased to €79.7 billion (December 31, 2013: €78.9 billion). This increase was the result of higher new business at Daimler Financial Services. Those assets' share of total assets of 46% is slightly lower than the prior-year figure (47%).

Investments accounted for using the equity method of €1.9 billion (December 31, 2013: €3.4 billion) mainly comprise the carrying amounts of our investments in the Chinese companies Beijing Benz Automotive Co., Ltd. and BAIC Motor Corporation Ltd. in the area of cars and in Beijing Foton Daimler Automotive Co., Ltd. and Kamaz OAO in the truck business. With the decision of the Board of Management and Supervisory Board of Daimler AG to transfer the 50% equity interest in the joint venture company Rolls-Royce Power Systems Holding GmbH (RRPSH) to the partner Rolls-Royce Holdings plc (Rolls-Royce), this investment is presented separately under "**Assets held for sale.**"

Inventories increased from €17.3 billion to €19.1 billion, equivalent to 11% of total assets (December 31, 2013: 10%). The increase was due in particular to the development of production during the year to date and the launch of new models. This resulted primarily at the Mercedes-Benz Cars and Daimler Trucks divisions in increased stocks of finished goods in Germany and the United States.

Trade receivables decreased by €0.2 billion to €7.6 billion. The Mercedes-Benz Cars division accounts for 44% of these receivables and the Daimler Trucks division accounts for 36%.

Cash and cash equivalents increased compared with the end of the year 2013 by €0.8 billion to €11.8 billion.

Marketable debt securities decreased compared with December 31, 2013 from €7.1 billion to €6.5 billion. Those assets include the debt instruments that are allocated to liquidity, most of which are publicly traded. They generally have an external rating of A or better.

Other financial assets increased by €0.3 billion to €6.6 billion. They mainly comprise investments – in Renault and Nissan for example – and derivative financial instruments, as well as loans and other receivables due from third parties.

Other assets of €5.8 billion (December 31, 2013: €5.5 billion) primarily comprise deferred tax assets and tax refund claims.

The Group's **equity** increased compared with December 31, 2013 from €43.4 billion to €43.5 billion. Equity attributable to the shareholders of Daimler AG increased to €42.8 billion (December 31, 2013: €42.7 billion). The net profit of €1.1 billion was almost offset by actuarial losses from defined-benefit pension plans of €0.9 billion, which are accounted for under retained earnings.

The **equity ratio** was 23.9% for the Group (December 31, 2013: 24.3%) and 41.8% for the industrial business (December 31, 2013: 43.4%). The equity ratios are adjusted for the dividend payment for the year 2013.

Provisions increased to €24.5 billion (December 31, 2013: €23.1 billion), equivalent to 14% of the balance sheet total, which is slightly above the level at the end of 2013. They primarily comprise provisions for pensions and similar obligations of €11.3 billion (December 31, 2013: €9.9 billion) as well as liabilities from product warranties of €4.6 billion (December 31, 2013: €4.7 billion), from personnel and social costs of €3.1 billion (December 31, 2013: €3.2 billion) and from income taxes of €1.6 billion (December 31, 2013: €1.3 billion). The increase in provisions was mainly caused by provisions for pensions and similar obligations and primarily relates to the decrease in discount rates.

Financing liabilities of €77.8 billion were close to the level of year-end 2013 (€77.7 billion). 51% of the financing liabilities are accounted for by bonds, 24% by liabilities to financial institutions, 14% by deposits in the direct banking business, and 7% by liabilities from ABS transactions.

Trade payables increased to €10.6 billion due to changes in production volumes during the year (December 31, 2013: €9.1 billion). The Mercedes-Benz Cars division accounts for 61% of these payables and the Daimler Trucks division accounts for 27%.

Other financial liabilities amounted to €8.3 billion, as at year-end 2013. They mainly consist of liabilities from residual value guarantees, accrued interest expenses on financing liabilities, deposits received, liabilities from wages and salaries, and derivative financial instruments.

Other liabilities of €6.9 billion (December 31, 2013: €7.0 billion) primarily comprise deferred income, tax liabilities and deferred taxes.

Further information on the Group's assets, equity and liabilities is provided in the consolidated statement of financial position, the consolidated statement of changes in equity and the relevant notes in the Notes to the Interim Consolidated Financial Statements.

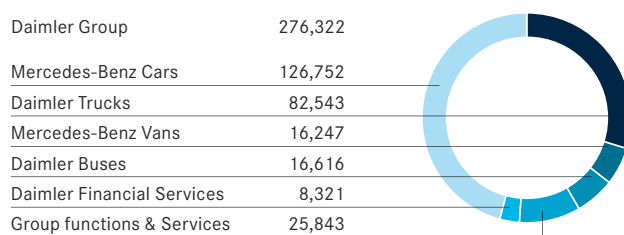
The **funded status of pension obligations**, defined as the difference between the present value of the pension obligations and the fair value of pension plan assets, amounted to minus €9.9 billion at March 31, 2014, compared with minus €8.6 billion at December 31, 2013. At March 31, 2014, the present value of the Group's pension obligations amounted to €24.7 billion (December 31, 2013: €23.2 billion). The increase resulted primarily from the decrease in discount rates, primarily for the German plans from 3.4% at December 31, 2013 to 3.0% at March 31, 2014. The fair value of plan assets available to finance the pension obligations increased from €14.7 billion to €14.8 billion at March 31, 2014. In total, actuarial losses from defined benefit pension plans, which are recognized in equity under retained earnings, increased by €1.2 billion before taxes.

Workforce

At the end of the first quarter of 2014, Daimler employed 276,322 people worldwide (end of Q1 2013: 274,555). Of that total, 167,746 were employed in Germany (end of Q1 2013: 166,265), 21,188 in the United States (Q1 2013: 21,702), 13,828 in Brazil (end of Q1 2013: 14,622) and 11,256 in Japan (end of Q1 2013: 11,242). Our consolidated companies in China had 2,085 employees at the end of the first quarter (end of Q1 2013: 1,743). Due to reorganization in the context of the Customer Dedication initiative, the numbers of employees previously reported under "Sales Organization" are included in the respective divisions as of 2014. This does not yet apply, however, to the Group's own sales and service centers in Germany and the spare-parts warehouse in Gernersheim, whose employees are reported under "Corporate Functions & Services" as of 2014.

C.10

Employees by division



Important events

Changes in the Supervisory Board and the Board of Management

As of the end of the Annual Shareholders' Meeting held on April 9, 2014, the periods of office ended of Gerard Kleisterlee, Lloyd G. Trotter and Dr. h.c. Bernhard Walter as members of the Supervisory Board representing the shareholders. The Annual Shareholders' Meeting elected Dr. Bernd Bohr, Joe Kaeser and Dr. Bernd Pischetsrieder to the Supervisory Board as their successors for a period of five years.

On January 28, 2014, the Supervisory Board of the Daimler AG complied with the wish of Andreas Renschler and prematurely terminated his period of office as a member of the Board of Management by mutual consent. As of that date, Mr. Renschler was relieved of his duties as Head of Manufacturing and Procurement Mercedes-Benz Cars & Mercedes-Benz Vans.

In its meeting on February 18, 2014, the Supervisory Board of Daimler AG extended the contract of service of Bodo Uebber, Board of Management Member for Finance & Controlling and the Daimler Financial Services division, until December 31, 2019.

Daimler decides to change its equity interest in Rolls-Royce Power Systems

Daimler AG is to transfer its 50 percent equity interest in Rolls-Royce Power Systems Holding GmbH (RRPSH) to its partner Rolls-Royce. We are making use of a put option on the stake in RRPSH that was agreed upon with Rolls-Royce in the year 2011. Subject to the approval of the antitrust and foreign-trade authorities, we expect the transaction to result in a cash inflow of €2.43 billion and a significant capital gain.

Daimler and BAIC expand Mercedes-Benz production capacities in China

At the end of March, Daimler AG and its Chinese partner Beijing Automotive Industry Corporation (BAIC Group) signed an agreement in the presence of German Chancellor Dr. Angela Merkel and Chinese State President Xi Jinping on the further expansion of the production capacities of the joint venture Beijing Benz Automotive Co., Ltd. (BBAC). With this agreement, Daimler is further expanding its activities in China and its strategic partnership with BAIC. A total of approximately €4 billion is currently being invested at BBAC, of which €1 billion will flow into the expansion of capacities for local car and engine production by 2015.

Events after the end of the interim reporting period

On April 24, 2014, Tesla announced its recommendations for nominations to the company's Board of Directors, upon which the Annual Shareholders' Meeting will decide on June 3, 2014. Should no representative of Daimler be a member of the Board of Directors in the future, as intended, the significant influence of Daimler on Tesla would end on the day of the Annual Shareholders' Meeting. From that day onwards, the equity interest in Tesla would have to be recognized in the consolidated statement of financial position as a "Financial instrument available for sale" at fair value based on the stock-market price. The difference on that date between the first-time fair value measured using the stock-market price and the carrying amount measured using the equity method would have to be recognized without an impact on cash flows in Group EBIT in the second quarter of 2014. At March 31, 2014, the stock-market value amounted to €736 million, compared with a carrying value of €12 million.

Risk and opportunity report

The Daimler Group's divisions are exposed to a large number of risks which are inextricably connected with entrepreneurial activity. At the same time, it is important for the Daimler Group to identify possible opportunities so that they can be utilized in the context of entrepreneurial activity, thus securing and enhancing the Daimler Group's competitiveness. In order to identify risks and opportunities at an early stage and to assess and deal with them consistently, effective management and control systems are applied, which are integrated into a risk and opportunity management system.

The risks and opportunities that can have a significant influence on the profitability, cash flows and financial position of the Daimler Group as well as detailed information on our risk and opportunity management system are presented on pages 129 to 141 of our Annual Report 2013. Otherwise, we refer to the notes on forward-looking statements provided at the end of this Interim Report.

At the beginning of the second quarter of 2014, considerable economic risks still exist for the world economy, whereby the geographical focus has primarily shifted towards the emerging markets. In particular, those economies remain endangered that depend on cash inflows due to their foreign-trade imbalances. In the further course of the year, this could result in repeated negative impacts, especially on stock markets and currencies, which would ultimately lead to perceptible growth losses. A particular risk relates to the possible escalation of tension between Russia and the Western countries, primarily in the form of an accelerating spiral of sanctions and countersanctions. In China, concern increased during the first quarter about the possibility of uncontrolled developments in the financial market, caused by a bursting of the credit bubble, the insolvency of various investment products, or a crash of the real-estate market. Furthermore, the restructuring of the Chinese economy continues to entail the risk of a "hard landing." In the European Monetary Union (EMU), the peripheral countries proved to be surprisingly stable in the first quarter, but we are still far from a full all-clear with regard to the sovereign-debt crisis. In the United States, economic risks have decreased significantly, partially due to the unexpectedly smooth increase in the public-debt ceiling. With the beginning of the new fiscal year, there are now concerns in Japan about how the increase in value-added tax will affect the real economy. The ongoing smoldering tensions in the Middle East have received relatively little attention, but could flare up again at any time. On the opportunities side, the main potential is of a quick improvement and rapid economic recovery of the emerging markets. But the euro zone could also expand significantly faster than anticipated if reforms are initiated quickly and investors and consumers react accordingly. In the United States, economic growth could accelerate in particular if companies' investment activity gains traction.

Apart from the aforementioned factors, our assessment of risks and opportunities has not changed significantly since publication of the Annual Report 2013.

Outlook

At the beginning of the second quarter, there are still good prospects that the world economy will continue its expansion and gain some dynamism in the coming quarters. This applies above all to the industrialized countries, and especially to the United States and Western Europe. In the USA, domestic demand should profit from solid employment gains, income growth, rising utilization of production capacities and an upturn in credit volumes. Therefore, the general consensus of expectations for economic growth has meanwhile stabilized at just less than 3%. Consumer and business confidence and production output have developed so positively in large parts of the euro zone this year that slight upward corrections of growth expectations for individual economies have already occurred. For the euro zone as a whole, a forecast for the full year of about 1% growth seems to have emerged, following negative growth in 2013. In Japan, due to the recent increase in value-added tax, growth is expected to weaken slightly in the coming quarters. Despite concern about the stability of the financial market and a visible weakening of business sentiment, the Chinese economy should be able to achieve the growth of 7.5% targeted for 2014. The economic situation is certainly the most difficult in some emerging markets, especially in those countries with substantial current account deficits. The forecasts for such major emerging economies as Brazil, Turkey, South Africa and India are still clearly below their long-term potential. Significant downward corrections have already been made for the Russian economy, whereby even recessive developments can no longer be ruled out. From today's perspective, however, the world economy is still expected to grow by more than 3% this year. But in view of the existing risks, the development of the global economy remains fragile and susceptible to external disturbances.

According to current assessments, **worldwide demand for cars** is likely to grow by a magnitude of 4-5% this year, whereby we currently see the markets developing at the lower end of this bandwidth. Once again, China is expected to deliver the biggest contribution to global growth; further expansion of the country's car market of approximately 10% should be possible. The US market is also likely to continue its growth; although only at a relatively moderate rate, the market volume will probably increase to approximately 16 million cars and light trucks. We continue to anticipate a rather hesitant recovery of the Western European market. The region's recent quite significant growth rates were primarily a reflection of the weak prior-year level and are likely to decrease perceptibly as the year progresses. Nonetheless, increased demand can generally be expected in most of the core markets thanks to the improved economic outlook. A market correction is anticipated for Japan in full-year 2014, despite the dynamic start to the year. The increase in value-added tax that took place at the beginning of April will probably have a significant negative impact on demand in the coming months. In the large emerging markets (excluding China), it must be assumed that demand for cars will not be immune to the recent economic difficulties. In India, we anticipate a moderate recovery of demand for automobiles, but some risks are also visible. From today's perspective, the Russian car market is likely to reach the prior-year level at best; due to the current difficult situation, market contraction can no longer be ruled out.

From today's perspective, **global demand for medium- and heavy-duty trucks** in the year 2014 can only be expected at around the level of the previous year. With the exception of the North American market, no significant dynamism is to be expected in most of the core markets. On the contrary, downward risks exist in some emerging markets due to the current turbulences. In the NAFTA region, we anticipate market growth of around 10% thanks to the increasing economic momentum. In the European market, the positive effect of purchases brought forward is now likely to come to an end. Developments during the rest of 2014 will mainly depend on the extent to which the economic recovery can offset this negative element. From today's perspective, we anticipate a market volume for the full year of slightly lower than the level of 2013. The Japanese market for light-, medium- and heavy-duty trucks will probably slow down significantly due to the recent increase in value-added tax. Nonetheless, demand in the full year should grow slightly. However, the Brazilian market for medium- and heavy-duty trucks is likely to be smaller than last year due to the country's weak economic development; demand is likely to decrease by around 10%. Further market contraction is meanwhile to be assumed for Russia and India due to those countries' weak economies. From today's perspective, the Chinese market should achieve moderate growth. But because new emission standards were introduced there in 2013, the outlook for 2014 is still connected with significant uncertainty.

We assume that overall demand in Europe for medium-sized and large **vans** will recover slightly in 2014, although market developments are likely to differ greatly in the various countries. For small vans, we anticipate a market volume in Europe in the magnitude of the previous year. In the United States, we expect demand for large vans to increase significantly in the year 2014, and we anticipate a further revival of demand also in China. In Latin America, we assume that the market for large vans will contract in the full year.

We anticipate a market volume for **buses** in Western Europe in 2014 that is slightly above the level of the previous year. Due to the difficult economic situation in Argentina and growing market uncertainties in Brazil, we assume that demand for buses will decrease in Latin America.

On the basis of the divisions' planning, Daimler expects its **total unit sales** to increase significantly in the year 2014.

After its record year in 2013, **Mercedes-Benz Cars** has started another growth year in which we intend to significantly increase our unit sales with attractive new products. The two most important new Mercedes-Benz models of the year were launched in Europe in March: the new C-Class sedan and the GLA compact SUV. The C-Class station wagon will be available to customers in the first half of this year and will create further sales stimulus. Shortly after the model changeover last year, the new S-Class had already reached the top position for worldwide sales in its segment. This spring, Mercedes-Benz added attractive versions to the S-Class model series. And a new dream car will be launched in September: the new S-Class Coupé. Further growth in the luxury segment is to be expected from the model upgrade of the CLS-Class in June. The smart fortwo and smart forfour will be presented in July and will become available to customers towards the end of the year.

Daimler Trucks anticipates a significant increase in overall unit sales in the year 2014. In Western Europe, we expect the after-effects of the introduction of Euro VI emission standards to counteract the assumed improvement in the general economic situation and to have a negative impact on the development of unit sales. But with the new Mercedes-Benz model range, we intend to further strengthen our very good market position. After the Brazilian market had largely recovered from the low of 2012 last year, we now expect demand to decrease significantly. The extensive measures we are taking to optimize our production, products and sales, for which we will invest approximately €300 million by the end of 2015, should further strengthen our market position. However, there are risks from the current political and economic situation in some Latin American countries and in Turkey and Russia. We anticipate significant growth in unit sales in the NAFTA region and Asia. In the NAFTA region, our unit sales should benefit from the expected market expansion and should significantly surpass the level of the year 2013. In Asia, the availability of additional BharatBenz models in the Indian market should make an important contribution to growth in unit sales. We are also generating synergy potential and further growth possibilities in the context of our integrated "Asia Business Model," with the new FUSO models from Chennai for example. In Japan, we will participate in the anticipated slight market growth.

Mercedes-Benz Vans assumes that its unit sales will increase significantly in full-year 2014. We expect significant growth in unit sales of mid-sized and large vans in Europe; the new Sprinter as well as the new Vito and the V-Class will stimulate additional demand. We also anticipate a further increase in unit sales of the Citan.

Daimler Buses expects slight growth in its total unit sales in the year 2014, whereby the proportion of complete buses should develop positively. In Western Europe, Daimler Buses anticipates significant expansion of its business with complete buses this year. Due to the currently difficult economic situation in Argentina and growing market uncertainty in Brazil, weaker unit sales of bus chassis are anticipated in Latin America.

Daimler Financial Services anticipates significant growth in new business and contract volume in 2014. The key growth drivers are the product offensives and market developments in the automotive divisions, effective marketing directed at younger target groups, the expansion of business especially in Asia, the further development of our online sales channels, and the expansion of innovative mobility services.

We assume that the **Daimler Group's revenue** will increase significantly in the year 2014. In regional terms, we anticipate above-average growth rates in North America and China.

On the basis of the anticipated market development, the aforementioned factors and the planning of our divisions, we assume that **Group EBIT from the ongoing business** will increase significantly in the year 2014.

For the individual divisions, we aim to achieve the following EBIT targets from the ongoing business in full-year 2014:

- Mercedes-Benz Cars: significantly above the prior-year level,
- Daimler Trucks: significantly above the prior-year level,
- Mercedes-Benz Vans: at the prior-year level,
- Daimler Buses: slightly above the prior-year level and
- Daimler Financial Services: slightly above the prior-year level.

In addition, the sale of our shares in Rolls-Royce Power Systems Holding GmbH and the changeover from the equity-method measurement of our shares in Tesla Motors to first-time fair-value measurement will lead to significant contributions to earnings.

The anticipated development of earnings in the automotive divisions will also have a positive impact on the **free cash flow of the industrial business** in 2014. When comparing with the prior-year figure, however, it is necessary to consider the fact that the free cash flow of €4.8 billion in the year 2013 included a cash inflow of €2.2 billion from the successful EADS transaction and a cash outflow of €0.6 billion for the acquisition of a 12% equity interest in BAIC Motor. Furthermore, reporting-date effects positively affected the free cash flow in 2013; these will be partially offset during the rest of 2014. In combination with ongoing high investment and research and development spending, we expect the free cash flow of the industrial business adjusted for the effects of acquisitions and disposals of equity interests to be significantly lower in 2014 than in 2013. Subject to the approval of the relevant authorities, we anticipate a cash inflow of €2.43 billion from the sale of our shares in Rolls-Royce Power Systems Holding GmbH in 2014.

From today's perspective, we assume that the **number of employees** worldwide will remain stable compared with the end of 2013.

Mercedes-Benz Cars.

Unit sales reach new record level

Successful start of new C-Class and GLA

World premiere of S-Class Coupé

“Fit for Leadership” program running as planned

EBIT of €1,183 million (Q1 2013: €460 million)

D.01

Amounts in millions of euros	Q1 2014	Q1 2013	% change
EBIT	1,183	460	+157
Revenue	17,004	14,110	+21
Unit sales	389,476	341,511	+14
Production	407,458	374,041	+9
Employees (March 31)	126,752	96,219	+32

Highest first-quarter unit sales in Daimler's history

Mercedes-Benz Cars achieved a record level of unit sales in the first quarter of 2014. The total sales of the car division increased to 389,500 units (Q1 2013: 341,500). First-quarter revenue grew by 21% to €17.0 billion and EBIT amounted to €1,183 million (Q1 2013: €460 million).

In Western Europe (excluding Germany), Mercedes-Benz Cars posted further growth and sold 93,200 vehicles in the first quarter (+5%). 59,100 cars were sold in Germany (Q1 2013: 61,100) and 76,900 were sold in the USA (+13%). The division recorded high levels of unit sales also in Japan (+44%) and South Korea (+44%). In Japan, purchases were brought forward in view of an increase in value-added tax in April. In China, unit sales increased significantly compared with the prior-year period to 70,300 vehicles (+52%). Demand for the locally produced long-wheelbase version of the E-Class was particularly strong.

Strong performance of E-Class and S-Class

Of the Mercedes-Benz model series, the new compact cars continued to sell very well in the first quarter of 2014: From January through March, the company sold 93,700 units of the A-, B- and CLA-Class (+18%). Demand was very strong for the models of the E-Class: Mercedes-Benz sold 61,100 units solely of the sedan and wagon versions in the first quarter (+50%). 27,200 S-Class sedans were sold (+143%). The Mercedes-Benz SUVs continued their positive development with sales of 87,800 units in the first quarter (+22%). And Daimler sold 22,700 units of the subcompact two-seater smart fortwo in the first three months of this year (Q1 2013: 26,400).

Next round of the model offensive

With the all-new C-Class sedan, Mercedes-Benz has set new standards in the premium middle class. The new model offers new dimensions in terms of technology, ecology, comfort, perceived value, driving pleasure and spaciousness; as the highest-volume model series, it is a key element of the Mercedes-Benz 2020 growth strategy. The C-Class and the new

D.02

Unit sales	Q1 2014	Q1 2013	% change
Total	389,476	341,511	+14
Western Europe	152,329	149,691	+2
Germany	59,106	61,130	-3
United States	76,851	67,998	+13
China	70,343	46,412	+52
Other markets	89,953	77,410	+16

GLA were already launched in Europe in March. With the GLA, Mercedes-Benz has expanded its range of SUVs and has entered the steadily growing segment of compact SUVs. The other members of the compact family also remain attractive: Since March, there have been seven new versions of the A-, B- and CLA-Class.

Mercedes-Benz Intelligent Drive

Under the heading of “Intelligent Drive,” the new Mercedes-Benz C-Class offers a large number of effective assistance systems, taking over almost all of the new assistance systems with important supplementary functions that had their world premiere just last year in the S-Class and the E-Class. For example, the partially autonomous traffic-jam assistant DISTRONIC PLUS with Steering Assist and integrated Stop & Go Pilot allows the car to follow the vehicle in front in a traffic jam while maintaining the right distance from it.

“Fit for Leadership” program running according to plan

Fit for Leadership pursues on the one hand the goal of improving our cost position by €2 billion by the end of 2014, and on the other hand of achieving structural optimizations for more efficiency with long-term effects. In the year 2014, we intend to achieve 70-80% of the total planned savings volume. Numerous measures have already been implemented to enhance efficiency in all areas, from product creation to the optimization of our procurement and sales processes.

High utilization of plant capacity and ramp-up of C-Class

As in the previous year, our production plants continued to operate at high levels of capacity utilization, with many of them working three shifts. In February, the Bremen plant started production of the new C-Class sedan, which we will produce on four continents for the first time. Within just six months, the three plants in East London (South Africa), Tuscaloosa (United States) and Beijing (China, joint venture BBAC) will also start to produce our strongest-selling model series.

Daimler Trucks.

Sales impetus in particular from North America and Asia

Wide-ranging product offensive shows effects

Daimler Trucks #1 efficiency and growth program progressing as planned

EBIT substantially higher than prior-year level at €341 million (Q1 2013: €116 million)

D.03

Amounts in millions of euros	Q1 2014	Q1 2013	% change
EBIT	341	116	+194
Revenue	7,121	7,024	+1
Unit sales	108,529	101,433	+7
Production	122,094	111,150	+10
Employees (March 31)	82,543	80,743	+2

D.04

Unit sales	Q1 2014	Q1 2013	% change
Total	108,529	101,433	+7
Western Europe	11,632	11,968	-3
NAFTA region	34,558	30,642	+13
Latin America (excluding Mexico)	10,151	12,987	-22
Asia	40,640	35,221	+15
Other markets	11,548	10,615	+9
BFDA (Auman Trucks)	26,643	23,001	+16
Total (including BFDA)	135,172	124,434	+9

Significant increases in unit sales and EBIT

Daimler Trucks' first-quarter unit sales increased by 7% to 108,500 vehicles. Revenue amounted to €7.1 billion (+1%). EBIT of €341 million was substantially higher than the prior-year figure (Q1 2013: €116 million).

Growth in unit sales despite volatile market environment

The markets of Western Europe, North America and Japan developed positively in the first quarter of 2014, while demand for trucks decreased in the emerging markets. The market for medium- and heavy-duty trucks in Western Europe grew by 8% in the first quarter. This was primarily a reflection of the subsequent registration of trucks purchased in 2013 before the new emission standards took effect at the beginning of 2014. As expected, our sales of 11,600 vehicles in this region were slightly lower than in the prior-year period due to the purchases being brought forward. In Germany, Daimler Trucks posted a 5% increase in unit sales. With our Mercedes-Benz vehicles, we continued to be the market leader by clear margins in the Western Europe region and in the core market of Germany, with market shares of 22.0% and 38.1% respectively. Our unit sales in Eastern Europe were lower than in the first quarter of last year, especially in Russia. In Turkey, we were able to increase our market share in a still-declining market by 13 percentage points to 53.0%.

In Latin America, the current political and economic situation had a negative impact on demand for trucks; our sales there decreased by 22% to 10,200 units. However, we were able to slightly increase our market share in Brazil with our Mercedes-Benz vehicles. In the NAFTA region, our unit sales of 34,600 vehicles were 13% above the prior-year quarter. In Class 6-8, we achieved a market share with our North American brands of 40.1%; this is lower than the strong first quarter of 2013, which benefited from the good fleet business. However, we clearly defended our position as the market leader.

We achieved significant growth in Asia. Due to the positive development in Japan and India, our sales increased by 15% to 40,600 units. One reason for the sharp rise in demand in Japan was that some purchases were brought forward to avoid the increase in value-added tax effective as of April 1, 2014.

Daimler Trucks #1 on track for success

After the Daimler Trucks #1 program already achieved the planned 30% of its overall target of €1.6 billion in 2013, we intend to achieve 70-80% by the end of 2014. To these ends, we are working hard in all regions on the implementation of more than 10,000 individual measures. The organizationally merged areas of development, procurement and module management are recording their first successes on the way to realizing global economies of scale. In the context of our new "Asia Business Model," we are making use of synergy potential in R&D cooperation between our Japanese and Indian subsidiaries. In the context of this integrated business model, Daimler Trucks meanwhile supplies selected FUSO vehicles from India to promising markets in Africa and Southeast Asia in order to benefit from further growth potential.

Daimler Trucks expands its product portfolio in India

Shortly after our 100% subsidiary Daimler India Commercial vehicles was voted "Commercial Vehicle Maker of the Year" in India in early 2014, the company presented four new truck models of its BharatBenz brand. The product portfolio has now been extended with the addition of three semitrailer tractors and a vehicle for construction and mining applications.

Ongoing success of Chinese joint venture

In China, we hold a 50% interest in Beijing Foton Daimler Automotive Co., Ltd. (BFDA), a joint venture with Beiqi Foton Motor Co., Ltd. BFDA sold 26,600 trucks under the Auman brand name in the first quarter of this year.

Mercedes-Benz Vans.

Significant increase in unit sales to 61,100 vehicles (Q1 2013: 52,600)
Mercedes-Benz Vans on growth path in United States, China and Europe
World premiere of new V-Class
EBIT of €123 million (Q1 2013: €81 million)

D.05

Amounts in millions of euros	Q1 2014	Q1 2013	% change
EBIT	123	81	+52
Revenue	2,212	1,986	+11
Unit sales	61,119	52,623	+16
Production	73,939	63,169	+17
Employees (March 31)	16,247	14,913	+9

Significant increases in unit sales, revenue and EBIT

Mercedes-Benz Vans increased its unit sales by 16% to 61,100 vehicles in the first quarter of 2014 (Q1 2013: 52,600). Revenue increased compared with the first quarter of last year by €0.2 billion to €2.2 billion. The van division posted EBIT of €123 million, which was significantly higher than the figure for the prior-year period (Q1 2013: €81 million).

The Mercedes-Benz Vans division remains on its growth path

In its core region of Western Europe, Mercedes-Benz Vans increased its first-quarter unit sales by 20% to 39,100 vehicles. Growth was particularly strong in Germany (+24%), the United Kingdom (+30%) and Spain (+76%). Expansion continued also in Eastern Europe; despite a difficult market environment in Turkey, sales in this region rose from 5,200 to 6,000 units.

The development of unit sales in the United States and China was positive once again: In the United States, Mercedes-Benz Vans increased its sales in the first quarter by 26% to 5,000 units. We posted a double-digit growth rate also in China, where unit sales increased by 14% to 2,700 vehicles. In Latin America, however, sales of 3,600 units were lower than in the prior-year period (Q1 2013: 4,100). The decrease primarily reflects the difficult market environment in this region.

Our growth is based on the market success of all model series. We sold 37,300 units of the Sprinter worldwide in the first quarter of 2014, which is 19% more than in the prior-year period. Of the Vito and Viano models, a total of 19,000 units were sold in the first quarter of this year (Q1 2013: 16,600). 4,700 units of the Mercedes-Benz Citan were sold (Q1 2013: 4,100).

D.06

Unit sales	Q1 2014	Q1 2013	% change
Total	61,119	52,623	+16
Western Europe	39,057	32,646	+20
Germany	15,657	12,595	+24
Eastern Europe	5,994	5,213	+15
United States	5,020	3,976	+26
Latin America (excluding Mexico)	3,647	4,109	-11
China	2,695	2,371	+14
Other markets	4,706	4,308	+9

The benchmark for MPVs: the new Mercedes-Benz V-Class

With the introduction of the unique multipurpose vehicle with the three-pointed star, we have set another milestone in our growth strategy: the new Mercedes-Benz V-Class. Mercedes-Benz Vans redefines the MPV segment with this vehicle. Following the world premiere in January 2014, production of the new V-Class started at the van plant in Vitoria, Spain, in early March.

The new V-Class sets new standards in its segment both aesthetically and technologically. It stands out from the crowd already due to its shape, which follows the new design idiom of Mercedes-Benz Cars. In addition, it is the only MPV to offer a wide range of assistance systems combining safety and comfort. They include the standard Crosswind Assist and Attention Assist, and the optional Active Parking Assist. A completely new feature is the latest multimedia generation with a touchpad to operate all telematics functions. A key attraction of the V-Class is of course its generous space and versatile seating and loading configurations. Access to a second loading level is obtained through a separately opening rear windscreen for easy loading and unloading. State-of-the-art turbo-diesel engines with extremely low fuel consumption ensure optimal efficiency.

The new V-Class focuses on three customer groups: families, people with lots of leisure activities involving extensive sport and outdoor equipment, as well as operators of luxurious VIP shuttles or hotel shuttles.

Daimler Buses.

Significant rise in unit sales to 6,700 buses and bus chassis
Increased demand for complete buses in Western Europe
Delivery of 1000th Mercedes-Benz Citaro city bus with Euro VI technology
EBIT of plus €53 million (Q1 2013: minus €31 million)

D.07

Amounts in millions of euros	Q1 2014	Q1 2013	% change
EBIT	53	-31	.
Revenue	859	751	+14
Unit sales	6,675	6,033	+11
Production	7,736	7,358	+5
Employees (March 31)	16,616	16,713	-1

Unit sales, revenue and EBIT above prior-year levels

Daimler Buses' sales of 6,700 buses and bus chassis in the first quarter were significantly higher than the number of 6,000 units sold in the prior-year period. Growth in Western Europe due to increased demand for complete buses more than compensated for the decrease in units sales of bus chassis in Latin America. Primarily due to the positive development of unit sales in the business with complete buses, revenue rose by 14% to €859 million. EBIT improved to plus €53 million (Q1 2013: minus €31 million).

Contribution to positive development of unit sales from generally stronger demand in Western Europe

In Western Europe, 1,100 complete buses and chassis of the Mercedes-Benz and Setra brands were sold in the first quarter, which is twice as many as in the prior-year period. This was based on growth in both the city-bus business and the coach business. In Germany, Daimler Buses increased its sales by 131% to 500 units. In Turkey, we sold 200 units (Q1 2013: 300); this development resulted from the significant contraction of the overall market compared with the first quarter of last year.

In Latin America (excluding Mexico), first-quarter unit sales decreased slightly to 4,000 bus chassis (Q1 2013: 4,100). There was a negative impact on unit sales in particular from the difficult economic situation in Argentina. In Brazil, the region's biggest market, sales in the first three months of the year increased to 3,500 units (Q1 2013: 2,600), despite growing market uncertainty.

We sold 700 units in Mexico, which is 108% more than in the prior-year period.

D.08

Unit sales	Q1 2014	Q1 2013	% change
Total	6,675	6,033	+11
Western Europe	1,086	538	+102
Germany	533	231	+131
Mexico	725	349	+108
Latin America (excluding Mexico)	3,992	4,141	-4
Asia	86	404	-79
Other markets	786	601	+31

Foundation stone laid for bus plant in India

Following last year's successful integration of the bus business under the roof of Daimler India Commercial Vehicles (DICV), the foundation stone for a bus plant has now been laid. Daimler is investing approximately €50 million in a new plant to be constructed on the site of DICV. Completion is planned for the second quarter of 2015. The product portfolio will include front-engine buses of the BharatBenz brand, designed to meet the particular requirements of the Indian volume market. In addition, the existing rear-engine chassis for the premium segment under the Mercedes-Benz brand will be produced locally.

Delivery of 1000th Mercedes-Benz Citaro with Euro VI technology

Almost simultaneously with the legal deadline for the Euro VI emission standards at the beginning of 2014, Mercedes-Benz handed to a customer over in early March its 1000th Citaro with Euro VI emission technology. Thanks to the early introduction of Euro VI, Daimler Buses has been able to expand its market position and gain multiple major orders in various European countries.

Setra TopClass 500 is Spain's "Coach of the Year"

The vehicles of our new generation of coaches have been awarded the title of "Coach of the Year 2014" in Madrid. The jury consisting of representatives of the transport industry was convinced by the concept of our exclusive long-distance coaches combining the utmost luxury with good economy.

Daimler Financial Services.

New business up by 14%

Contract volume reaches €84.3 billion

car2go black allows car-sharing with the Mercedes-Benz B-Class

EBIT of €397 million (Q1 2013: €314 million)

D.09

Amounts in millions of euros	Q1 2014	Q1 2013	% change
EBIT	397	314	+26
Revenue	3,809	3,577	+6
New business	9,838	8,619	+14
Contract volume (March 31)	84,328	81,656	+3
Employees (March 31)	8,321	7,792	+7

New business up by 14% compared with prior-year period

Daimler Financial Services concluded approximately 288,000 new leasing and financing contracts in the first quarter of this year (+14%), increasing its new business compared with the prior-year period by 14% to €9.8 billion. Contract volume of €84.3 billion at the end of the first quarter was slightly higher than at the end of 2013 (+1%). EBIT amounted to €397 million (Q1 2013: €314 million). The sale of a non-automotive portfolio in the United States had a positive impact on earnings of €45 million.

Europe: significant growth in new business

In the Europe region, new business increased by 14% to €4.5 billion. The volume of new contracts concluded in Russia nearly doubled, despite the increasingly challenging conditions (+79%). The new business of the German subsidiary Mercedes-Benz Bank AG increased by 19%; the deposit volume in the direct banking business amounted to €11.1 billion at the end of the first quarter (-11%). Daimler Financial Services' contract volume in Europe of €37.4 billion was approximately at the level of year-end 2013. Daimler Fleet Management expanded its product offering in March with the addition of the Corporate Carsharing service component for fleet customers: This allows employees to conveniently reserve their company's fleet vehicles online for business or private journeys. In this way, fleet costs can be further reduced while streamlining the related administrative processes.

Americas: strong gains in Brazil

In the Americas region, leasing and financing contracts were concluded in a total amount of €3.6 billion, representing growth of 6%. The business development was particularly positive in Brazil, where growth of 25% was achieved compared with the prior-year period. Contract volume in the Americas region of €34.8 billion at the end of March was slightly higher than at the end of 2013.

Africa & Asia-Pacific: triple-digit growth in China

In the Africa & Asia-Pacific region, the value of newly concluded leasing and financing contracts increased compared with the first quarter of last year by 39% to €1.7 billion. In China, triple-digit growth of 139% was achieved. Nearly all the countries in the region reported high double-digit increases. Contract volume in Africa & Asia-Pacific increased compared with year-end 2013 by 4% to €12.0 billion.

Further growth for insurance

In the insurance business, Daimler Financial Services brokered 15% more automotive-related policies than in the prior-year period. Worldwide, approximately 200,000 insurance contracts were concluded. Strong growth was achieved once again in China, where approximately 33,000 policies brokered represents an increase of 68%.

car2go black with Mercedes-Benz automobiles

The car2go car-sharing service expanded its customer base in the first three months of the year 2014 to a total of approximately 700,000 customers (+14%). In Berlin and Hamburg as of February, customers are able to spontaneously rent Mercedes-Benz B-Class cars for journeys within and between those two cities under the new brand of car2go black. And with moovel, we offer an intuitive smartphone app that allows customers to compare various transportation services according to various parameters, and thus to find the optimal way of getting from A to B. The app compares and combines services such as car2go, ride sharing, rental bicycles, taxis and public transportation.

Consolidated Statement of Income (unaudited).

E.01

	Consolidated Group		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
	Q1 2014	Q1 2013 ¹	Q1 2014	Q1 2013 ¹	Q1 2014	Q1 2013
In millions of euros						
Revenue	29,457	26,102	25,648	22,525	3,809	3,577
Cost of sales	-23,045	-20,868	-19,861	-17,845	-3,184	-3,023
Gross profit	6,412	5,234	5,787	4,680	625	554
Selling expenses	-2,675	-2,625	-2,567	-2,513	-108	-112
General administrative expenses	-752	-757	-631	-629	-121	-128
Research and non-capitalized development costs	-1,076	-1,041	-1,076	-1,041	-	-
Other operating income	305	291	295	280	10	11
Other operating expense	-86	-91	-81	-88	-5	-3
Share of profit/loss from investments accounted for using the equity method, net	22	2	25	8	-3	-6
Other financial expense, net	-365	-96	-364	-94	-1	-2
Interest income	34	70	34	70	-	-
Interest expense	-169	-227	-167	-226	-2	-1
Profit before income taxes²	1,650	760	1,255	447	395	313
Income taxes	-564	-196	-430	-80	-134	-116
Net profit	1,086	564	825	367	261	197
thereof profit attributable to non-controlling interest	59	28				
thereof profit attributable to shareholders of Daimler AG	1,027	536				
Earnings per share (in euros)						
for profit attributable to shareholders of Daimler AG						
Basic	0.96	0.50				
Diluted	0.96	0.50				

1 Information related to the reclassifications within functional expenses is presented in Note 1.

2 The reconciliation of profit before income taxes to Group EBIT is presented in Note 18.

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

Consolidated Statement of Comprehensive Income (unaudited).

E.02

	Consolidated Group	
	Q1 2014	Q1 2013
In millions of euros		
Net profit	1,086	564
Unrealized losses/gains on currency translation	-73	185
Unrealized gains on financial assets available for sale	163	137
Unrealized losses on derivative financial instruments	-146	-161
Unrealized gains on investments accounted for using the equity method	-	135
Items that may be reclassified to profit/loss	-56	296
Actuarial losses on investments accounted for using the equity method	-	-7
Actuarial losses/gains from pensions and similar obligations	-860	162
Items that will not be reclassified to profit/loss	-860	155
Other comprehensive income, net of taxes	-916	451
thereof loss/income attributable to non-controlling interest, after taxes	-1	67
thereof loss/income attributable to shareholders of Daimler AG, after taxes	-915	384
Total comprehensive income	170	1,015
thereof income attributable to non-controlling interest	58	95
thereof income attributable to shareholders of Daimler AG	112	920

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

Consolidated Statement of Financial Position (unaudited).

E.03

	Consolidated Group		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
	March 31, 2014	Dec. 31, 2013	March 31, 2014	Dec. 31, 2013	March 31, 2014	Dec. 31, 2013
In millions of euros						
Assets						
Intangible assets	9,383	9,388	9,278	9,289	105	99
Property, plant and equipment	21,933	21,779	21,887	21,732	46	47
Equipment on operating leases	28,467	28,160	13,248	13,207	15,219	14,953
Investments accounted for using the equity method	1,928	3,432	1,918	3,419	10	13
Receivables from financial services	28,330	27,769	-29	-29	28,359	27,798
Marketable debt securities	1,569	1,666	6	6	1,563	1,660
Other financial assets	3,878	3,523	-597	-767	4,475	4,290
Deferred tax assets	1,894	1,829	1,399	1,348	495	481
Other assets	558	531	-1,897	-1,818	2,455	2,349
Total non-current assets	97,940	98,077	45,213	46,387	52,727	51,690
Inventories	19,066	17,349	18,510	16,648	556	701
Trade receivables	7,644	7,803	6,965	7,208	679	595
Receivables from financial services	22,876	23,001	-11	-14	22,887	23,015
Cash and cash equivalents	11,819	11,053	10,925	9,845	894	1,208
Marketable debt securities	4,905	5,400	4,805	5,297	100	103
Other financial assets	2,689	2,718	-6,605	-6,670	9,294	9,388
Other assets	3,315	3,117	718	447	2,597	2,670
Subtotal current assets	72,314	70,441	35,307	32,761	37,007	37,680
Assets held for sale	1,415	-	1,415	-	-	-
Total current assets	73,729	70,441	36,722	32,761	37,007	37,680
Total assets	171,669	168,518	81,935	79,148	89,734	89,370
Equity and liabilities						
Share capital	3,070	3,069				
Capital reserves	11,838	11,850				
Retained earnings	27,795	27,628				
Other reserves	78	133				
Equity attributable to shareholders of Daimler AG	42,781	42,680				
Non-controlling interest	704	683				
Total equity	43,485	43,363	36,652	36,767	6,833	6,596
Provisions for pensions and similar obligations	11,317	9,869	11,165	9,726	152	143
Provisions for income taxes	809	823	809	823	-	-
Provisions for other risks	5,576	5,270	5,458	5,152	118	118
Financing liabilities	46,112	44,746	15,322	13,542	30,790	31,204
Other financial liabilities	2,040	1,701	1,904	1,575	136	126
Deferred tax liabilities	559	892	-1,780	-1,300	2,339	2,192
Deferred income	2,693	2,728	2,352	2,283	341	445
Other liabilities	12	18	11	15	1	3
Total non-current liabilities	69,118	66,047	35,241	31,816	33,877	34,231
Trade payables	10,601	9,086	10,265	8,778	336	308
Provisions for income taxes	748	517	697	438	51	79
Provisions for other risks	6,091	6,619	5,711	6,230	380	389
Financing liabilities	31,725	32,992	-13,904	-12,218	45,629	45,210
Other financial liabilities	6,281	6,575	4,412	4,797	1,869	1,778
Deferred income	1,891	1,868	1,426	1,351	465	517
Other liabilities	1,729	1,451	1,435	1,189	294	262
Total current liabilities	59,066	59,108	10,042	10,565	49,024	48,543
Total equity and liabilities	171,669	168,518	81,935	79,148	89,734	89,370

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

Consolidated Statement of Cash Flows (unaudited).

E.04

	Consolidated Group		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
In millions of euros						
Profit before income taxes	1,650	760	1,255	447	395	313
Depreciation and amortization	1,218	1,059	1,211	1,053	7	6
Other non-cash expense and income	4	19	-11	4	15	15
Gains/losses on disposals of assets	11	-5	11	-5	-	-
Change in operating assets and liabilities						
Inventories	-1,759	-1,156	-1,905	-1,368	146	212
Trade receivables	158	-498	248	-312	-90	-186
Trade payables	1,508	1,324	1,480	1,233	28	91
Receivables from financial services	-531	-395	2	31	-533	-426
Vehicles on operating leases	-368	-378	-43	1	-325	-379
Other operating assets and liabilities	39	170	-19	-261	58	431
Income taxes paid	-237	-466	-167	-369	-70	-97
Cash provided by/used for operating activities	1,693	434	2,062	454	-369	-20
Additions to property, plant and equipment	-1,043	-1,058	-1,038	-1,053	-5	-5
Additions to intangible assets	-387	-568	-378	-562	-9	-6
Proceeds from disposals of property, plant and equipment and intangible assets	56	43	53	40	3	3
Investments in share property	-69	-37	-43	-37	-26	-
Proceeds from disposals of share property	4	24	4	24	-	-
Acquisition of marketable debt securities	-457	-2,030	-421	-1,740	-36	-290
Proceeds from sales of marketable debt securities	1,056	1,311	886	1,310	170	1
Other	12	55	47	54	-35	1
Cash provided by/used for investing activities	-828	-2,260	-890	-1,964	62	-296
Change in financing liabilities	16	2,180	7	2,366	9	-186
Dividends paid to non-controlling interests	-33	-30	-32	-29	-1	-1
Proceeds from issuance of share capital	5	9	3	9	2	-
Acquisition of treasury shares	-26	-24	-26	-24	-	-
Acquisition of non-controlling interests in subsidiaries	-	-16	-	-16	-	-
Internal equity transactions	-	-	4	-394	-4	394
Cash provided by/used for financing activities	-38	2,119	-44	1,912	6	207
Effect of foreign exchange-rate changes on cash and cash equivalents	-61	66	-48	59	-13	7
Net increase/decrease in cash and cash equivalents	766	359	1,080	461	-314	-102
Cash and cash equivalents at beginning of period	11,053	10,996	9,845	9,887	1,208	1,109
Cash and cash equivalents at end of period	11,819	11,355	10,925	10,348	894	1,007

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

Consolidated Statement of Changes in Equity (unaudited).

E.05

In millions of euros	Share capital	Capital reserves	Retained earnings	Currency translation	Financial assets available for sale
Balance at January 1, 2013	3,063	12,026	22,017	516	234
Net profit	-	-	536	-	-
Other comprehensive income/loss before taxes	-	-	189	188	139
Deferred taxes on other comprehensive income	-	-	-34	-	-2
Total comprehensive income/loss	-	-	691	188	137
Dividends	-	-	-	-	-
Capital increase/Issue of new shares	1	8	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Other	-	-19	-	-	-
Balance at March 31, 2013	3,064	12,015	22,708	704	371
Balance at January 1, 2014	3,069	11,850	27,628	-969	261
Net profit	-	-	1,027	-	-
Other comprehensive income/loss before taxes	-	-	-1,248	-65	162
Deferred taxes on other comprehensive income	-	-	388	-	1
Total comprehensive income/loss	-	-	167	-65	163
Dividends	-	-	-	-	-
Capital increase/Issue of new shares	1	2	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Other	-	-14	-	-	-
Balance at March 31, 2014	3,070	11,838	27,795	-1,034	424

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

Other reserves	Items that may be reclassified to profit/loss	Share of investments accounted for using the equity method	Derivative financial instruments	Treasury shares	Equity attributable to shareholders of Daimler AG	Non-controlling interest	Total equity	In millions of euros	
			50	-1	-	37,905	1,425	39,330	Balance at January 1, 2013
			-	-	-	536	28	564	Net profit
			-233	97	-	380	93	473	Other comprehensive income/loss before taxes
			72	-32	-	4	-26	-22	Deferred taxes on other comprehensive income
			-161	65	-	920	95	1,015	Total comprehensive income/loss
			-	-	-	-	-132	-132	Dividends
			-	-	-	9	-	9	Capital increase/Issue of new shares
			-	-	-24	-24	-	-24	Acquisition of treasury shares
			-	-	24	24	-	24	Issue and disposal of treasury shares
			-	-	-	-19	-22	-41	Other
			-111	64	-	38,815	1,366	40,181	Balance at March 31, 2013
			853	-12	-	42,680	683	43,363	Balance at January 1, 2014
			-	-	-	1,027	59	1,086	Net profit
			-221	-	-	-1,372	1	-1,371	Other comprehensive income/loss before taxes
			68	-	-	457	-2	455	Deferred taxes on other comprehensive income
			-153	-	-	112	58	170	Total comprehensive income/loss
			-	-	-	-	-40	-40	Dividends
			-	-	-	3	2	5	Capital increase/Issue of new shares
			-	-	-26	-26	-	-26	Acquisition of treasury shares
			-	-	26	26	-	26	Issue and disposal of treasury shares
			-	-	-	-14	1	-13	Other
			700	-12	-	42,781	704	43,485	Balance at March 31, 2014

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

Notes to the Interim Consolidated Financial Statements (unaudited).

1. Presentation of the Interim Consolidated Financial Statements

General. These condensed 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 with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The interim financial statements comply with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

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

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

All significant intercompany accounts and transactions have been eliminated. In the opinion of the management, the interim financial statements reflect all adjustments (i.e. normal recurring adjustments) necessary for a fair presentation of the profitability, liquidity and capital resources, and 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, 2013 audited and published IFRS consolidated financial statements and notes thereto. With exception of the accounting policies outlined below, the Group applies the same accounting policies in these interim financial statements as those applied in the consolidated financial statements for the year ended December 31, 2013.

In order to support the distribution of certain products manufactured by Daimler, sales financing, including leasing alternatives, is 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 profitability, liquidity and capital resources and its financial position, the accompanying interim consolidated financial statements also present information with respect to the Group’s industrial business and Daimler Financial Services’ business activities.

Such information, however, is not required by IFRS and is not intended to, and does not represent the separate IFRS profitability, liquidity and capital resources and the 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 in conformity with IFRS requires management to make estimates, assessments and assumptions which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities as at the end of the reporting period and the amounts of income and expense reported for the period. Actual amounts can differ from those estimates. Changes in the estimates, assessments and assumptions can have a material impact on the interim consolidated financial statements.

Reclassifications within functional costs. In the course of the organizational focus on the divisions, corporate functions in each country are being streamlined and functional departments are being aligned more closely with the needs of the divisions. In this context, Daimler has reviewed the allocation of the cost centers in the headquarters functions to the individual functional costs. As a result, amongst other changes, IT services and personnel expenses have been reclassified from general administrative expenses to the other functional costs.

The following table shows the effects of the retrospective change of the allocation to the individual functional costs on the consolidated statement of income in the first quarter of 2013.

E.06

Effects of reclassifications within functional costs

In millions of euros	Q1 2013 disclosed	Reclassifications	Q1 2013 changed
Cost of sales	-20,761	-107	-20,868
Selling expenses	-2,579	-46	-2,625
General administrative expenses	-938	181	-757
Research and non-capitalized development costs	-1,013	-28	-1,041

The following table shows the effects on the consolidated statement of income in the first quarter of 2014 if the original allocation of the cost centers to the individual functional costs had been retained.

E.07

Effects of retention of original presentation of functional costs

In millions of euros	Q1 2014 changed	Reclassifications	Q1 2014 previous classification
Cost of sales	-23,045	127	-22,918
Selling expenses	-2,675	55	-2,620
General administrative expenses	-752	-215	-967
Research and non-capitalized development costs	-1,076	34	-1,042

There are no effects on net profit, basic and diluted earnings per share, or Group equity.

Effects of the application of IFRS 10-12. As of January 1, 2014, Daimler retrospectively applies the new consolidation standards IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, as well as the amendments to IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

IFRS 10 establishes a single consolidation model based on control that applies to all entities. According to the new model, control exists if the potential parent company has the power of decision over the potential subsidiary based on voting rights or other rights, if it participates in positive or negative variable returns from the potential subsidiary, and if it can affect these returns by its power of decision. For Daimler, no significant impacts arise from the application of the new standard.

IFRS 11 provides new guidance on accounting for joint arrangements. In the future, it has to be decided whether a joint operation or a joint venture exists. In a joint venture, the parties that have joint control have rights to the net assets. Interest in a joint venture shall be accounted for as an investment using the equity method. A joint operation exists if the parties that have joint control have rights to the assets and obligations for the liabilities. In the case of a joint operation the proportionate assets, liabilities, revenues and expenses have to be recognized. The joint operations identified at Daimler do not have a significant influence on the consolidated financial statements. Therefore, Daimler continues to account for those investments using the equity method or the investments are measured at amortized costs.

IFRS 12 sets out the requirements for disclosures relating to interests in subsidiaries, joint arrangements, associated companies, consolidated and unconsolidated structured entities. For these interim consolidated financial statements, no separate disclosure requirements arise for Daimler from IFRS 12.

2. Assets held for sale

RRPSH. In the first quarter of 2014, the Board of Management and the Supervisory Board of Daimler AG decided to sell the 50% equity interest in the joint venture Rolls-Royce Power Systems Holding GmbH (RRPSH) to the partner Rolls-Royce Holdings plc (Rolls-Royce). Daimler therefore used a put option on its stake in RRPSH that was agreed upon with Rolls-Royce in 2011. In the middle of April 2014, the disposal of the equity interest in RRPSH for a price of €2.43 billion was agreed.

The equity interest in RRPSH is presented separately as an asset held for sale in the consolidated statement of financial position. Further details of the equity interest in RRPSH are provided in Notes 10 and 17.

3. Revenue

Revenue at Group level is comprised as follows:

E.08

Revenue

In millions of euros	Q1 2014	Q1 2013
Revenue from the sale of goods	25,718	22,596
Revenue from the rental and leasing business	2,882	2,637
Interest from the financial services business at Daimler Financial Services	749	766
Revenue from the provision of other services	108	103
	29,457	26,102

4. Functional costs

Optimization programs. Measures and programs with implementation costs that materially impacted the EBIT of the segments are briefly described below.

Daimler Trucks. In January 2013, Daimler Trucks announced workforce adjustments as part of its goal of increasing its profitability by stronger utilization of efficiencies. In the administrative sector in Brazil, a voluntary redundancy program was launched in the first quarter of 2013 leading to a reduction of approximately 1,000 jobs (including Daimler Buses). In April 2014, Daimler Trucks announced the continuation of the workforce adjustments in Brazil with the start of a voluntary program that will mostly impact the production area.

Furthermore, in non-productive areas in Germany, a reduction of approximately 800 jobs is planned for which a program was started in May 2013, based on socially acceptable voluntary measures. The Group also intends to continue this program in 2014.

Daimler Buses. At the end of 2013, Daimler Buses successfully completed the optimization measures started in Western Europe in 2012. The program focused on the systematic further development of the European production network, the reduction of variable costs, and the optimization of overhead costs. Growth was supported by a new-customer acquisition offensive and a restructured market management system. In North America, the activities were already restructured in 2012. In this context, the production of Orion city buses was discontinued. In addition, further optimization measures were initiated in non-productive areas in Brazil in the first quarter of 2013, for which the voluntary severance program described under Daimler Trucks was started. The continuation of the workforce adjustments in Brazil mentioned under Daimler Trucks will also impact Daimler Buses to a small extent.

Table [E.09](#) shows the expenses related to the optimization programs which affected the EBIT of the segments. The cash flows associated with the implementation of the programs are also shown.

These expenses primarily relate to personnel measures. The allocation to the line items of the consolidated statement of income is shown in table [E.10](#).

The provisions recognized for the measures at Daimler Trucks amounted to €5 million as of March 31, 2013 (December 31, 2013: €64 million). At Daimler Buses, the provisions recognized for the measures amounted to €24 million as of March 31, 2014 (December 31, 2013: €36 million).

Cash outflows resulting from the optimization programs are expected until the end of 2017, whereby the largest part of the payments will already occur in 2014.

For the optimization programs at Daimler Trucks, the Group anticipates expenses of up to €150 million for 2014 and 2015.

E.09

Optimization Programs

In millions of euros	Q1 2014	Q1 2013
Daimler Trucks		
EBIT	-5	-13
Cash outflow	-64	-7
Daimler Buses		
EBIT	-1	-4
Cash outflow	-9	-21

E.10

Expenses associated with optimization programs at Daimler Trucks and Daimler Buses

In millions of euros	Q1 2014	Q1 2013
Cost of sales	-3	-8
Selling expenses	-	-1
General administrative expenses	-3	-8
	-6	-17

5. Other financial expense, net

Table 7 E.11 shows the components of other financial expense, net.

E.11

Other financial expense, net

In millions of euros	Q1 2014	Q1 2013
Expense from compounding of provisions and effects of changes in discount rates ¹	-66	-47
Miscellaneous other financial expense/income, net	-299	-49
	-365	-96

¹ Excluding the expense from compounding provisions for pensions and similar obligations.

“Miscellaneous other financial income/expense, net” includes the expenses of €161 million (2013: 0 million) from hedging the share price of Tesla Motors, Inc. (Tesla) and of €118 million (2013: €15 million) from the measurement of the RRPSH put option.

6. Interest income and expense

Interest income and expense are comprised as follows:

E.12

Interest income and expense

In millions of euros	Q1 2014	Q1 2013
Interest income		
Net interest income on the net asset from defined benefit pension plans	.	.
Interest and similar income	34	70
	34	70
Interest expense		
Net interest expense on the net obligation from defined benefit pension plans	-84	-88
Interest and similar expenses	-85	-139
	-169	-227

7. Intangible assets

Intangible assets are comprised as follows:

E.13

Intangible assets

In millions of euros	March 31, 2014	Dec. 31, 2013
Goodwill	674	681
Development costs	7,274	7,310
Other intangible assets	1,435	1,397
	9,383	9,388

8. Property, plant and equipment

Property, plant and equipment are comprised as follows:

E.14

Property, plant and equipment

In millions of euros	March 31, 2014	Dec. 31, 2013
Land, leasehold improvements and buildings including buildings on land owned by others	6,765	6,791
Technical equipment and machinery	7,528	7,350
Other equipment, factory and office equipment	5,405	5,366
Advance payments relating to plant and equipment and construction in progress	2,235	2,272
	21,933	21,779

9. Equipment on operating leases

At March 31, 2014, the carrying amount of equipment on operating leases amounted to €28,467 million (December 31, 2013: €28,160 million). In the three months ended March 31, 2014, additions and disposals amounted to €3,762 million and €2,307 million respectively (2013: €3,357 million and €1,957 million). Depreciation for the first quarter of 2014 was €1,114 million (2013: €1,101 million).

10. Investments accounted for using the equity method

Table 7 E.15 shows the key figures of investments in associated companies and joint ventures accounted for using the equity method.

E.15

Investments accounted for using the equity method

in millions of euros	RRPSH	BBAC	BAIC Motor ²	BFDA	Kamaz	EADS	Others	Total
March 31, 2014								
Equity interest (in %)	-	49.0	12.0	50.0	15.0	-	-	-
Equity investment	-	651	581	284	142	-	270	1,928
Equity result (first quarter of 2014) ¹	13	29	2	-6	-3	-	-13	22
December 31, 2013								
Equity interest (in %)	50.0	49.0	12.0	50.0	15.0	-	-	-
Equity investment	1,494	640	595	298	155	-	250	3,432
Equity result (first quarter of 2013) ¹	-18	20	-	-17	5	34	-22	2

1 Including investor-level adjustments.

2 Earnings of BAIC Motor are included in Daimler's consolidated financial statements with a three month time lag. Therefore Daimler's proportionate share in the earnings of BAIC Motor for the first quarter of 2014 relates to the earnings of BAIC Motor for the month of December 2013. BAIC Motor's figures are unaudited and based on local GAAP.

RRPSH/RRPS. In March 2014, Daimler decided to sell its 50% equity interest in the joint venture RRPSH to its partner Rolls-Royce. Daimler therefore used a put option on its stake in RRPSH that was agreed upon with Rolls-Royce in 2011.

The carrying amount of the equity interest of €1,415 million, which is allocated to the Daimler Trucks segment, was reclassified to "Assets held for sale." Measurement using the equity method was ended.

The sale price of €2.43 billion was specified in the middle of April 2014, with the signature of the contract of sale. The transaction is expected to be closed by the end of the year 2014 but is subject to the provisions of antitrust law and foreign-trade law. Further details of the put option are provided in Note 17.

Others. In March 2014, Daimler acquired 50.1% of the shares in Li-Tec Battery GmbH (Li-Tec), which were previously held by Evonik Degussa GmbH (Evonik), and therefore became the sole owner of the company. The effects on the consolidated financial statements are not material.

11. Receivables from financial services

Receivables from financial services are shown in the following table:

E.16

Receivables from financial services

In millions of euros	March 31, 2014			December 31, 2013		
	Current	Non-current	Total	Current	Non-current	Total
Sales financing with customers	9,081	18,100	27,181	9,065	17,599	26,664
Sales financing with dealers	9,622	1,747	11,369	9,781	1,723	11,504
Finance-lease contracts	4,566	9,007	13,573	4,545	8,928	13,473
Gross carrying amount	23,269	28,854	52,123	23,391	28,250	51,641
Allowances for doubtful accounts	-393	-524	-917	-390	-481	-871
Net carrying amount	22,876	28,330	51,206	23,001	27,769	50,770

As of March 31, 2014, non-automotive assets from contracts of the financial services business with third parties (leveraged leases) in the amount of €354 million (December 31, 2013: €455 million) were included in "Finance lease contracts."

Within the context of the ongoing concentration on the automotive business, Daimler Financial Services sold a non-automotive asset that was subject to a finance-lease contract in the first quarter of 2014. This resulted in a total cash inflow of €69 million. The pre-tax income from this transaction amounted to €45 million in the first quarter of 2014 and was allocated to the EBIT of the Daimler Financial Services segment.

12. Inventories

Inventories are comprised as follows:

E.17

Inventories

In millions of euros	March 31, 2014	Dec. 31, 2013
Raw materials and manufacturing supplies	2,092	2,011
Work in progress	2,565	2,275
Finished goods, parts and products held for resale	14,246	13,028
Advance payments to suppliers	163	35
	19,066	17,349

13. Equity

Approved capital. The Annual Shareholders' Meeting held on April 9, 2014 once again authorized the Board of Management, with the consent of the Supervisory Board, to increase the share capital of Daimler AG in the period until April 8, 2019 by a total of €1 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 2014). Among other things, the Board of Management was authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and within defined limits.

Employee share purchase plan. In the first quarter of 2014, 0.4 million Daimler shares were purchased and reissued to employees in connection with an employee share purchase plan.

Dividend. The Annual Shareholders' Meeting held on April 9, 2014 authorized Daimler to pay a dividend of €2,407 million (€2.25 per share) from the distributable profit of Daimler AG (separate financial statement) for the year 2013. The dividend was paid out on April 10, 2014.

14. Pensions and similar obligations

Pension cost. The components of pension cost included in the consolidated statement of income are as shown in table [E.18](#).

Contributions by the employer to plan assets. In the three months ended March 31, 2014, contributions by Daimler to the Group's pension plans were €37 million (2013: €18 million).

E.18

Components of net periodic pension cost

In millions of euros	Total	Q1 2014		Total	Q1 2013	
		German plans	Non-German plans		German plans	Non-German plans
Current service cost	-129	-108	-21	-135	-112	-23
Net interest expense	-70	-61	-9	-75	-66	-9
	-199	-169	-30	-210	-178	-32

15. Provisions for other risks

Provisions for other risks are comprised as shown in the following table.

E.19

Provisions for other risks

In millions of euros	Current	March 31, 2014		Current	December 31, 2013	
		Non-current	Total		Non-current	Total
Product warranties	2,037	2,586	4,623	2,380	2,325	4,705
Personnel and social costs	1,411	1,714	3,125	1,501	1,732	3,233
Other	2,643	1,276	3,919	2,738	1,213	3,951
	6,091	5,576	11,667	6,619	5,270	11,889

16. Financing liabilities

Financing liabilities are comprised as follows:

E.20

Financing liabilities

In millions of euros	Current	March 31, 2014		Current	December 31, 2013	
		Non-current	Total		Non-current	Total
Notes/bonds	8,214	31,793	40,007	9,091	29,653	38,744
Commercial paper	890	-	890	1,086	-	1,086
Liabilities to financial institutions	9,471	9,447	18,918	10,173	8,916	19,089
Deposits in the direct banking business	9,114	2,026	11,140	8,539	2,718	11,257
Liabilities from ABS transactions	3,423	1,871	5,294	3,478	2,653	6,131
Liabilities from finance leases	46	254	300	39	271	310
Loans, other financing liabilities	567	721	1,288	586	535	1,121
	31,725	46,112	77,837	32,992	44,746	77,738

17. Financial instruments

The following table shows the carrying amounts and fair values of the Group's financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved in the market.

E.21

Carrying amounts and fair values of financial instruments

In millions of euros	March 31, 2014		December 31, 2013	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Receivables from financial services	51,206	51,544	50,770	51,115
Trade receivables	7,644	7,644	7,803	7,803
Cash and cash equivalents	11,819	11,819	11,053	11,053
Marketable debt securities				
Available-for-sale financial assets	6,474	6,474	7,066	7,066
Other financial assets				
Available-for-sale financial assets	2,249	2,249	2,052	2,052
thereof equity instruments measured at fair value	1,619	1,619	1,452	1,452
thereof equity instruments carried at cost	630	630	600	600
Financial assets recognized at fair value through profit or loss	154	154	350	350
Derivative financial instruments used in hedge accounting	1,600	1,600	1,703	1,703
Other receivables and assets	2,564	2,564	2,136	2,136
	83,710	84,048	82,933	83,278
Financial liabilities				
Financing liabilities				
Trade payables	10,601	10,601	9,086	9,086
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	498	498	413	413
Derivative financial instruments used in hedge accounting	366	366	395	395
Miscellaneous other financial liabilities	7,457	7,457	7,468	7,468
	96,759	98,071	95,100	96,388

The fair values of financial instruments were calculated on the basis of market information available at the end of the reporting period. The following methods and premises were used for financial instruments recognized at fair value:

Marketable debt securities and other financial assets.

Financial assets available for sale include:

- debt and equity instruments measured at fair value; these instruments were measured using quoted market prices at March 31. Otherwise, the fair value measurement of these debt and equity instruments is based on inputs that are either directly or indirectly observable in active markets. Equity instruments measured at fair value predominantly comprise the investments in Renault SA (Renault) and Nissan Motor Co., Ltd. (Nissan).
- equity interests measured at cost; fair values could not be determined for these financial instruments because market prices or fair values are not available. These equity interests comprise investments in non-listed companies for which no objective evidence existed at the balance sheet date that these assets are impaired and whose fair values cannot be determined with sufficient reliability. It is assumed that the fair values approximate the carrying amounts. Daimler does not intend to sell the equity interests which are presented as of March 31, 2014.

Financial assets recognized at fair value through profit or loss include derivative financial instruments not used in hedge accounting. These financial instruments as well as *derivative financial instruments used in hedge accounting* comprise:

- derivative currency hedging contracts; the fair values of currency forwards and cross currency interest rate swaps are determined on the basis of the discounted estimated future cash flows using market interest rates appropriate to the remaining terms of the financial instruments. Currency options were measured using price quotations or option pricing models using market data.
- derivative interest rate hedging contracts; the fair values of interest rate hedging instruments (e.g. interest rate swaps) are calculated on the basis of the discounted estimated future cash flows using the market interest rates appropriate to the remaining terms of the financial instruments.
- derivative commodity hedging contracts; the fair values of commodity hedging contracts (e.g. commodity forwards) are determined on the basis of current reference prices with consideration of forward premiums and discounts.

Other financial liabilities. *Financial liabilities recognized at fair value through profit or loss* comprise derivative financial instruments not used in hedge accounting. For information regarding these financial instruments as well as *derivative financial instruments used in hedge accounting*, see the notes above under “Marketable debt securities and other financial assets.”

At the end of each reporting period, Daimler reviews the necessity for reclassification between the fair value hierarchies.

For the determination of the credit risk from derivative financial instruments which are allocated to the Level 2 fair value hierarchy, we apply the exception described in IFRS 13.48 (portfolios managed on the basis of net exposure).

Table [7 E.22](#) provides an overview of the classification of financial assets and liabilities measured at fair value in the fair value hierarchy.

E.22

Fair value hierarchy of financial assets and liabilities measured at fair value

In millions of euros	March 31, 2014				December 31, 2013			
	Total	Level 1 ¹	Level 2 ²	Level 3 ³	Total	Level 1 ¹	Level 2 ²	Level 3 ³
Assets measured at fair value								
Financial assets available for sale	8,093	6,263	1,830	-	8,518	6,264	2,254	-
thereof equity instruments	1,619	1,611	8	-	1,452	1,446	6	-
thereof marketable debt securities	6,474	4,652	1,822	-	7,066	4,818	2,248	-
Financial assets recognized at fair value through profit or loss	154	-	154	-	350	-	232	118
Derivative financial instruments used in hedge accounting	1,600	-	1,600	-	1,703	-	1,703	-
	9,847	6,263	3,584	-	10,571	6,264	4,189	118
Liabilities measured at fair value								
Financial liabilities recognized at fair value through profit and loss	498	-	498	-	413	-	413	-
Derivative financial instruments used in hedge accounting	366	-	366	-	395	-	395	-
	864	-	864	-	808	-	808	-

- 1 Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
- 2 Fair value measurement for the asset or liability based on inputs that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- 3 Fair value measurement for the asset or liability based on inputs that are not observable market data.

The development of financial assets recognized at fair value through profit or loss and classified as Level 3 can be seen in the following table.

E.23

Development of financial assets recognized at fair value through profit or loss classified as Level 3

in millions of euros	2014
Balance at January 1	118
Losses recognized in other financial income/ expense, net	-118
Balance at March 31	-

The financial assets classified as Level 3 as of December 31, 2013 consist solely of Daimler's option to sell the shares it holds in RRPSH to Rolls-Royce. In the first quarter of 2014 Daimler offered its stake in RRPSH to Rolls-Royce. The transaction price for the equity interest in RRPSH is above the floor price of the option. Therefore, the value of the option was determined to be zero as of March 31, 2014.

18. Segment reporting

Segment information for the three-month periods ended March 31, 2014 and March 31, 2013 is as follows:

E.24

Segment reporting

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q1 2014								
Revenue	16,327	6,621	2,123	846	3,540	29,457	-	29,457
Intersegment revenue	677	500	89	13	269	1,548	-1,548	-
Total revenue	17,004	7,121	2,212	859	3,809	31,005	-1,548	29,457
Segment profit (EBIT)	1,183	341	123	53	397	2,097	-310	1,787
Thereof share of profit/loss from investments accounted for using the equity method	24	-2	1	-	-3	20	2	22
Thereof expenses from compounding of provisions and changes in discount rates	-43	-16	-5	-1	-	-65	-1	-66

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q1 2013								
Revenue	13,556	6,534	1,909	737	3,366	26,102	-	26,102
Intersegment revenue	554	490	77	14	211	1,346	-1,346	-
Total revenue	14,110	7,024	1,986	751	3,577	27,448	-1,346	26,102
Segment profit (EBIT)	460	116	81	-31	314	940	-23	917
Thereof share of profit/loss from investments accounted for using the equity method	2	-28	-	-	-6	-32	34	2
Thereof expenses from compounding of provisions and changes in discount rates	-30	-10	-3	-1	-	-44	-3	-47

Reconciliation. Reconciliation of the total segments' profit (EBIT) to profit before income taxes is as shown in table [E.25](#).

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

"Other corporate items" include the expenses from hedging the share price of Tesla of €161 million (2013: €0 million) and from the measurement of the RRPSH put option of €118 million (2013: €15 million), which are disclosed within "Other financial expense, net."

E.25

Reconciliation to Group figures

In millions of euros	Q1 2014	Q1 2013
Total segments' profit (EBIT)	2,097	940
Share of profit from investments accounted for using the equity method ¹	2	34
Other corporate items	-316	-91
Eliminations	4	34
Group EBIT	1,787	917
Amortization of capitalized borrowing costs ²	-2	-
Interest income	34	70
Interest expense	-169	-227
Profit before income taxes	1,650	760

1 In Q1 2014, comprises the Group's proportionate share in the results of BAIC Motor; in Q1 2013, comprises the Group's proportionate share in the result of EADS.

2 Amortization of capitalized borrowing costs is not considered in internal performance measure "EBIT," but is included in cost of sales.

19. Related party relationships

Most of the goods and services supplied within the ordinary course of business between the Group and related parties comprise transactions with associated companies and joint ventures and are included in table [E.26](#).

Associated companies. A large proportion of the sales and purchases of goods and services with associated companies results from business relations with RRPSH and/or Rolls-Royce Power Systems AG (RRPS), which is a subsidiary of RRPSH, and with MBtech Group GmbH & Co. KGaA (MBtech Group). RRPS purchases engines, parts and services from the Group. MBtech Group develops, integrates and tests components, systems, modules and vehicles worldwide.

On February 1, 2013, Daimler, Beijing Automotive Group Co., Ltd. (BAIC Group) and BAIC Motor Corporation Ltd. (BAIC Motor) signed a binding agreement according to which Daimler will invest in BAIC Motor. BAIC Motor is the passenger-car unit of BAIC Group, one of the leading automotive companies in China. On November 18, 2013, this transaction was closed and BAIC Motor issued new shares to Daimler representing a 12% stake in BAIC Motor for a purchase price of €627 million including incidental acquisition costs. Daimler received two seats on the board of directors of BAIC Motor. In December 2013, the shareholders of BAIC Motor decided to pay a dividend, of which €23 million is attributable to Daimler. The Group is in the process of allocating the purchase price to the identifiable assets and liabilities.

Also on November 18, 2013, BAIC Motor increased its stake in the joint venture Beijing Benz Automotive Co., Ltd. (BBAC) by 1% to 51%. As a result of this transaction, Daimler's equity interest in BBAC decreased to 49% and the Group classified the investment in BBAC as an associated company; the company had been accounted for as a joint venture until the end of the third quarter of 2013. The effect of the change of status of BBAC was not material; BBAC continues to be accounted for using the equity method.

BBAC produces and markets Mercedes-Benz vehicles in China for the Daimler Group. Daimler plans to contribute additional equity of €0.2 billion to the joint venture BBAC in 2014. Additional funds needed by BBAC to fund its investments will be directly raised in the capital markets by BBAC. In December 2013, the shareholders of BBAC decided to pay a dividend, of which €101 million is attributable to Daimler. The related receivable due from BBAC is included in table [E.26](#).

In connection with the Group's 45% equity interest in Toll Collect GmbH, Daimler has provided a number of guarantees for Toll Collect, which are not included in table [E.26](#) (€100 million as of March 31, 2014 and as of December 31, 2013).

Joint ventures. The Group's transactions with joint ventures in the first quarter of 2013 predominantly relate to the business relationship with BBAC (see information under the section on associated companies).

Until the end of March 2013, further significant sales and purchases of goods and services were related to Mercedes-Benz Österreich Vertriebsgesellschaft, which distributes cars and spare parts of the Group. In March 2013, the remaining shares of the entity were acquired together with other Pappas Group entities.

The Group also has substantial business relations with the Chinese joint venture Fujian Benz Automotive Co. Ltd. (FBAC). FBAC produces and distributes vans under the Mercedes-Benz brand name in China. In 2013, a new research and development center of Mercedes-Benz Vans was opened in China. A total of approximately €60 million was invested in the new center.

The joint venture Beijing Foton Daimler Automotive Co. Ltd. (BFDA), which was established by Daimler and the Chinese truck manufacturer Beiqi Foton Motor Co., Ltd. for the production of trucks and engines, commenced operations on July 1, 2012. Daimler has so far contributed capital of €344 million to BFDA.

The joint ventures Mercedes-Benz Trucks Vostok OOO and Fuso Kamaz Trucks Rus Ltd., which have been established with Kamaz OAO (Kamaz), another of the Group's associates, produce and distribute trucks of the Mercedes-Benz and FUSO brands and distribute buses of the Mercedes-Benz and Setra brands in Russia. As part of their strategic partnership, Daimler and Russian truck manufacturer Kamaz have signed licensing agreements on Axor and Atego cab production as well as contracts covering the supply of cabins, engines and axles for the Russian company's trucks and buses.

Shenzen BYD Daimler New Technology Co. Ltd. (SBDNT) is another of the Group's joint ventures and is allocated to the Mercedes-Benz Cars segment. A capital increase of €34 million took place in the first quarter of 2014. On April 4, 2014, Daimler provided a joint and separate liability guarantee to external banks which provided a syndicate loan to SBDNT. The guarantee provided by Daimler amounts to RMB 750 million (approximately €90 million) and equates to the Group's share in the loan granted to SBDNT based on its 50% equity interest in SBDNT.

E.26

Related party relationships

In millions of euros	Q1 2014	Q1 2013	Q1 2014	Q1 2013	March 31, 2014	Dec. 31, 2013	March 31, 2014	Dec. 31, 2013
	Sales of goods and services and other income		Purchases of goods and services and other expense		Receivables		Payables	
Associated companies	503	182	70	83	634	713	27	61
Joint ventures	156	551	72	34	236	234	13	54
thereof BBAC	381	324	8	2	535	569	-	12

20. Subsequent events

On April 24, 2014, Tesla announced the recommendations for nominations to the Board of Directors, upon which the Annual Shareholders' Meeting will decide on June 3, 2014. Should no representative of Daimler be a member of the Board of Directors in the future, as intended, the significant influence of Daimler on Tesla would end on the day of the Annual Shareholders' Meeting. From that day onwards the equity interest in Tesla would have to be recognized at fair value based on the stock-market price as a financial instrument available for sale in the consolidated statement of financial position. The difference on that day between the first-time fair-value measurement using the stock-market price and the carrying amount measured using the equity method would have to be recognized without an impact on cash flows within Group EBIT in the second quarter of 2014. At March 31, 2014, the stock-market value amounted to €736 million, compared to a carrying amount of €12 million.

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

Concept and Contents

Daimler AG
Investor Relations

Publications for our shareholders:

Annual Reports (German, English)
Interim Reports on first, second and third quarters (German, English)
Sustainability Report (German, English)
www.daimler.com/ir/reports

Financial Calendar

Interim Report Q1 2014

April 30, 2014

Interim Report Q2 2014

July 23, 2014

Interim Report Q3 2014

October 23, 2014

Annual Meeting 2015

Berlin
April 1, 2015

As we cannot rule out changes of dates, we recommend checking the current status on the Internet shortly before the scheduled date at www.daimler.com/ir/calendar.

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,” “can,” “could,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a worsening of the sovereign-debt crisis in the euro zone; an increase in political tension in Eastern Europe; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials;

disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk and Opportunity Report” in the current Annual Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the 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 since they are based solely on the circumstances at the date of publication.

