Interim Report Q2 2013

Contents

Cover photo:
The S-Class is the technological spearhead not only of Mercedes-Benz, but of automotive development per se. The perfect merger of comfort and safety – Mercedes-Benz calls it "Intelligent Drive." The strive for the very best can be experienced also in the interior: No matter whether the seats, the car's controls or design elements, whether infotainment or comfort and safety in the rear seats – new ideas, their meticulous implementation and the highest quality demonstrate the standards our engineers apply to the top model from Mercedes-Benz. New best figures are achieved also in terms of efficiency.

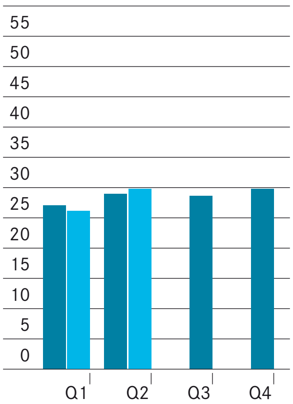
Q2

Key Figures Daimler Group

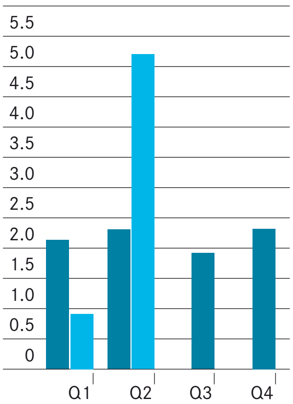
Amounts in millions of euros	Q2 2013	Q2 2012	% change
Revenue	**29,692**	28,884	+3 [1]
Western Europe	**10,181**	10,128	+1
thereof Germany	**5,012**	5,201	-4
NAFTA	**8,387**	7,738	+8
thereof United States	**7,224**	6,462	+12
Asia	**5,976**	6,571	-9
thereof China	**2,819**	3,244	-13
Other markets	**5,148**	4,447	+16
Employees (June 30)	**276,044**	273,749	+1
Investment in property, plant and equipment	**1,037**	1,310	-21
Research and development expenditure	**1,348**	1,381	-2
thereof capitalized development costs	**355**	348	+2
Free cash flow of the industrial business	**3,454**	1,005	+244
EBIT [2]	**5,242**	2,268	+131
Net profit [2]	**4,583**	1,565	+193
Earnings per share (in euros) [2]	**2.65**	1.39	+91

1 Adjusted for the effects of currency translation, increase in revenue of 5%.
2 The previous year's figures have been adjusted, primarily for effects arising from application of the amended version of IAS 19. Additional information on the adjustments is provided in Note 1 of the Notes to the Interim Consolidated Financial Statements.

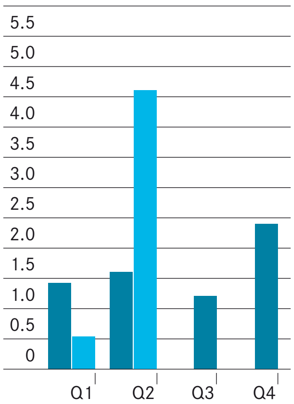
Revenue
In billions of euros



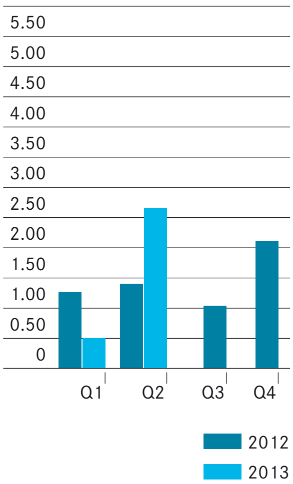
EBIT
In billions of euros



Net profit
In billions of euros



Earnings per share
In euros



Q1-2

Key Figures Daimler Group

Amounts in millions of €	Q1-2 2013	Q1-2 2012	% change
Revenue	55,794	55,895	-0 [1]
Western Europe	19,198	19,589	-2
thereof Germany	9,292	9,888	-6
NAFTA	15,916	15,103	+5
thereof United States	13,747	12,724	+8
Asia	11,192	12,870	-13
thereof China	4,971	6,077	-18
Other markets	9,488	8,333	+14
Employees (June 30)	276,044	273,749	+1
Investment in property, plant and equipment	2,095	2,352	-11
Research and development expenditure	2,680	2,761	-3
thereof capitalized development costs	674	687	-2
Free cash flow of the industrial business	2,302	-972	.
EBIT [2]	6,159	4,366	+41
Net profit [2]	5,147	2,990	+72
Earnings per share (in euros) [2]	3.16	2.65	+19

1 Adjusted for the effects of currency translation, increase in revenue of 2%.
2 The previous year's figures have been adjusted, primarily for effects arising from application of the amended version of IAS 19. Additional information on the adjustments is provided in Note 1 of the Notes to the Interim Consolidated Financial Statements.

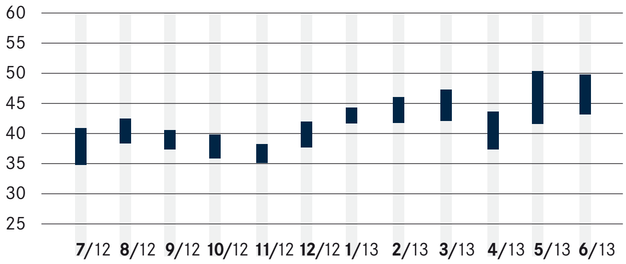
Daimler and the Capital Market

Key figures

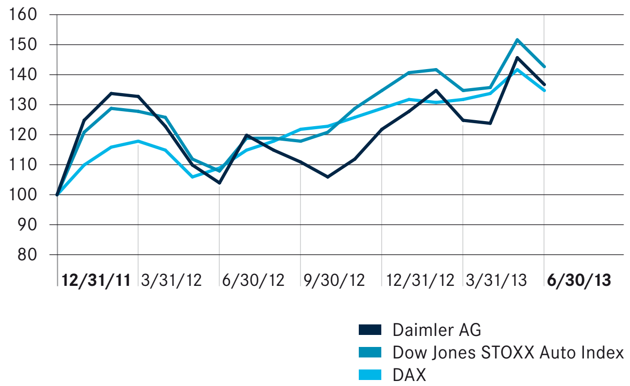
	June 30, 2013	June 30, 2012	% change
Earnings per share in Q2 (in €)	**2.65**	1.39	+91
Outstanding shares (in millions)	**1,069.0**	1,066.5	+0
Market capitalization (€ billion)	**49.70**	37.70	+32
Xetra price at end of quarter (€)	**46.49**	35.35	+32

Daimler share price (highs and lows) in 2012/2013

In euros



Share-price development (indexed)



Daimler share price develops better than DAX in Q2

The sovereign-debt crisis in the euro zone was still an important issue for investors worldwide in the second quarter of 2013, although concern about further exacerbation receded. As a result, investors' demand for equities increased, especially to the benefit of cyclical stocks. In this environment, the DAX reached an historical peak of 8,530.89 points on May 22. In June, concern about statements by the US Federal Reserve on a possible end to the expansive monetary policy caused share prices to fall. This tendency was increased by higher interest rates in China and worries about tighter lending policies in the Chinese economy.

The adjustment of our earnings outlook upon publication in April 2013 of our figures for the first quarter had already been anticipated by the capital market. In that disclosure, Daimler forecasted an improvement in its quarterly earnings over the rest of the year. In the following weeks, the share-price development benefited from the very positive feedback on the newly launched products. The presentation of the new S-Class and the "Concept GLA" were particularly well received by investors. In this environment, Daimler's share price rose very significantly between the Annual Shareholders' Meeting on April 10 and mid-May, reaching a peak of €50.37 on May 20. In light of statements by the Chinese and US central banks in June, our stock followed the general market trend and lost some of the gains it had previously made. Overall, our share price increased by 9.5% in the second quarter to €46.49, thus developing better than the Dow Jones STOXX Auto Index (+5.8%) and the DAX (+2.1%). Our market capitalization at the end of the quarter was €49.6 billion. Including the distribution of a dividend of €2.20 per share, our share gained value of €6.24 or 14.7% in the second quarter.

Favorable interest environment used for refinancing

The Daimler Group took advantage of ongoing favorable refinancing conditions in the international money and capital markets also in the second quarter of 2013. In April 2013, an ABS transaction with a volume of US $2 billion was successfully placed in the United States. And in June 2013, Daimler AG issued bonds with a nominal interest rate of 2.0% in a volume of €750 million, maturing in June 2021.

Interim Management Report

Unit sales up by 6% to 605,800 vehicles
Revenue above prior-year level at €29.7 billion
Group EBIT of €5,242 million (Q2 2012: €2,268 million), thereof €3.2 billion from the sale of remaining EADS shares
Net profit of €4,583 million (Q2 2012: €1,565 million)
Growth in unit sales and revenue anticipated for full-year 2013
Group EBIT from ongoing business expected to be lower than in 2012
Significant improvements anticipated for second half of year due to launch of new products, increasing impact of efficiency programs and projected market development

Business development

Moderate upward trend of world economy

The **world economy** continued to grow in the second quarter, but without accelerating perceptibly. General economic developments in the United States and Japan were relatively stable. After six consecutive quarters of falling economic output in the European Monetary Union, the second quarter of this year could well be the first without a renewed decline. While the economic development of the industrialized countries displayed a generally satisfactory tendency, the trend was somewhat weaker in major emerging markets, including the BRIC countries. Of particular significance for the world economy was the weaker growth of the Chinese economy, which was also reflected by the raw-material markets. Statements from the US Federal Reserve regarding the possible reduction of its expansive monetary policy caused considerable unease in the global financial markets and triggered significant stock-market corrections.

Worldwide demand for cars continued its robust development in the second quarter and was noticeably stronger than in the prior-year period. This was primarily due to the ongoing positive market development in the United States and China. The US market expanded compared with the prior year by just over 8%, with increasing dynamism during the quarter. Sales of cars in China increased once again at a double-digit rate, despite only moderate economic dynamism. However, new registrations in Western Europe were still lower than in the prior-year period, but there have been some indications of market stabilization in recent months. The overall decline of almost 4% was significantly lower than in the first quarter, although the bandwidth of the individual markets was considerable, from plus 13% in the United Kingdom to minus 42% in the Netherlands. Sales in Germany decreased once again, but demand stabilized also in that market. The Japanese market was also smaller than in the second quarter of last year, when demand was unusually high due to state incentives for car buyers. Sales in Russia and India were also significantly lower than in the prior-year period, reflecting the recently disappointing economic developments.

Although demand for **medium and heavy-duty trucks** continued to fall in many key markets in the second quarter, the market meanwhile clearly seems to have bottomed out. The Western European market was still affected by the weak economy, but the drop in demand compared with the prior-year period was only of a single-digit percentage. Adjusted for seasonal effects, there was actually a slight improvement in the demand situation compared with the previous quarter. Despite ongoing volatility in the North American market, there were increasing signs of stabilization, although unit sales were lower than in the prior-year quarter. The Japanese market was also below the volume of the prior-year period. Stimulus from the new economic program has so far had little impact on the segment of medium and heavy trucks. But demand in Japan revived significantly in the segment of light-duty trucks, which is important for Fuso. The Brazilian market continued along its course of recovery and posted double-digit growth, although the country's economic development has recently failed to meet expectations. According to the latest estimates, the Russian market was smaller than in the second quarter of last year, and truck sales decreased also in India. On the other hand, the world's biggest truck market, China, expanded once again with strong double-digit growth in sales despite the country's slowdown of economic growth.

Significant growth in second-quarter unit sales

In the second quarter of 2013, the Daimler Group sold 605,800 cars and commercial vehicles worldwide, surpassing the prior-year total by 6%.

Mercedes-Benz Cars achieved a record level of unit sales in the second quarter of 2013. Total sales by the car division grew by 9% to 404,700 units. In a volatile European market environment, Mercedes-Benz Cars performed very well and was able to increase its share of many markets. Its unit sales in Western Europe rose by 5% to 178,200 vehicles. In the sharply declining German market, Mercedes-Benz Cars sold 79,800 units in the second quarter (Q2 2012: 80,900). With sales of 76,500 vehicles (+17%), the division was more successful than ever before in the United States. Mercedes-Benz Cars posted a strong performance also in Russia (+26%) and Japan (+19%). Unit sales in China increased to 60,000 vehicles (Q2 2012: 59,700).

Sales by **Daimler Trucks** of 123,800 units in the second quarter were 1% higher than in the prior-year period. The division's unit sales performed better than the markets in many regions. In Western Europe, our sales of 14,300 trucks were only slightly below the prior-year level despite a significant market decline in the medium and heavy segments. This represents an increase in market share to 24.0% (Q2 2012: 23.3%). In Eastern Europe, the development of the truck market was impacted by ongoing weak demand, especially in Turkey. Despite this general trend, we were able to sell more trucks than in the prior-year quarter (+14%) and thus increased our market share to 51.2% (Q2 2012: 45.0%). Daimler Trucks surpassed its unit sales of the prior-year quarter also in the NAFTA regions, selling 34,900 trucks (Q2 2012: 34,600); although demand in the market for Class 6-8 trucks was significantly weaker than in the second quarter of last year; the division's market share increased to 38.3% (Q2 2012: 31.5%). While the Latin American market continued its moderate recovery, our sales there increased by 57% to 16,100 units. Our sales of 8,800 units in Japan were slightly lower than in the prior-year quarter due to the general level of demand, while we were able to significantly increase our unit sales in India in the context of our business expansion there.

3.01
Unit sales by division

	Q2 2013	Q2 2012	% change
Daimler Group	605,823	570,343	+6
Mercedes-Benz Cars	404,711	370,384	+9
Daimler Trucks	123,763	122,217	+1
Mercedes-Benz Vans	69,436	69,324	+0
Daimler Buses	7,913	8,418	-6

3.02
Revenue by division

In millions of euros	Q2 2013	Q2 2012	% change
Daimler Group	29,692	28,884	+3
Mercedes-Benz Cars	16,324	15,364	+6
Daimler Trucks	7,965	8,129	-2
Mercedes-Benz Vans	2,434	2,420	+1
Daimler Buses	934	1,016	-8
Daimler Financial Services	3,548	3,260	+9

In the second quarter, **Mercedes-Benz Vans** sold 69,400 vans of the models Sprinter, Vito, Viano, Vario and the Citan, which was launched in the fall of 2012, representing a slight increase on the prior-year period despite a difficult market environment in Western Europe (Q2 2012: 69,300). Sales in the region decreased substantially to 42,500 units (Q2 2012: 46,500). But with an 11% increase to 7,200 units, we sold significantly more vans in Eastern Europe, especially in growth market Russia. Due to strong demand for the current generation of the Sprinter, the van division more than doubled its unit sales in Latin America compared with the prior-year period to 5,200 vehicles. In the United States, we posted a sales decrease to 6,100 units (Q2 2012: 6,300).

Daimler Buses' unit sales of 7,900 buses and bus chassis in the second quarter were lower than in the prior-year period (Q2 2012: 8,400), primarily due to falling sales in the NAFTA region following the repositioning of the North American business system in 2012 and the discontinued production of Orion buses. We achieved growth in the business with complete buses in Western Europe; unit sales in this region increased by 8% to 1,500 units. In Latin America, sales of 4,500 units were slightly below the prior-year level (Q2 2012: 4,700).

At **Daimler Financial Services**, new business increased compared with the prior-year quarter by 10% to €10.3 billion. Contract volume reached €81.4 billion at the end of June and was thus 2% higher than at the end of 2012. Adjusted for exchange-rate effects, there was an increase of 4%. The insurance business continued to develop very positively.

The Daimler Group's second-quarter **revenue** amounted to €29.7 billion, which is 3% higher than in the second quarter of last year. Adjusted for exchange-rate effects, revenue grew by 5%.

The revenue generated by the Mercedes-Benz Cars division increased by 6.2% to €16.3 billion, reflecting strong unit sales of compact cars and SUVs. Due to the increased share of unit sales accounted for by compact cars, revenue grew at a somewhat lower rate than unit sales. Daimler Trucks' also increased its unit sales, but its revenue of €8.0 billion was lower than the prior-year figure due to negative exchange-rate effects (Q2 2012: €8.1 billion). With revenue of €2.4 billion, the Mercedes-Benz Vans division reached the prior-year level, while Daimler Buses posted revenue of €0.9 billion (Q2 2012: €1.0 billion).

Preliminary note:
In June 2011, IASB published amendments to IAS 19 Employee Benefits, which were endorsed by the EU in June 2012. The amendments to IAS 19 must generally be applied retrospectively in financial statements for annual periods beginning on or after January 1, 2013. The figures reported here for the previous year have been adjusted, primarily for effects arising from application of the amended version of IAS 19. Additional information on the adjustments is provided in Note 1 of the Notes to the Interim Consolidated Financial Statements.

Profitability

The **Daimler Group** posted EBIT of €5,242 million for the second quarter of 2013, which was significantly higher than the prior-year figure (Q2 2012: €2,268 million). ↗ 3.03

Growth in unit sales at the Mercedes-Benz Cars division was not fully reflected by increased earnings, primarily due to the changed product mix. An additional factor was that Daimler Trucks' earnings were reduced by ongoing weak demand, especially in Asia and Western Europe. Mercedes-Benz Vans und Daimler Buses improved their earnings in the second quarter of 2013, while Daimler Financial Services' EBIT decreased.

Earnings in the second quarter were positively affected by a gain totaling €3.2 billion in connection with the remeasurement and the sale of the remaining shares in EADS.

The compounding of non-current provisions and effects resulting from higher discount rates led to income of €13 million in the second quarter (Q2 2012: expense of €77 million). Furthermore, there were slightly positive exchange-rate effects.

The special items shown in the table ↗ 3.04 affected EBIT in the second quarter and the first six months of 2013 and 2012.

3.03
EBIT by segment

In millions of euros	Q2 2013	Q2 2012[1]	% change	Q1-2 2013	Q1-2 2012[1]	% change
Mercedes-Benz Cars	1,041	1,337	-22	1,501	2,567	-42
Daimler Trucks	434	524	-17	550	900	-39
Mercedes-Benz Vans	204	200	+2	285	367	-22
Daimler Buses	27	-59	.	-4	-164	.
Daimler Financial Services	319	338	-6	633	682	-7
Reconciliation	3,217	-72	.	3,194	14	.
Daimler Group	5,242	2,268	+131	6,159	4,366	+41

1 The previous year's figures have been adjusted, primarily for effects arising from application of the amended version of IAS 19.
Additional information on the adjustments is provided in Note 1 of the Notes to the Interim Consolidated Financial Statements.

3.04
Special items affecting EBIT

In millions of euros	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012
Daimler Trucks				
Workforce adjustment	-82	-	-95	-
Daimler Buses				
Business repositioning	-20	-46	-24	-82
Reconciliation				
EADS – Remeasurement and sale of the remaining shares	3,209	-	3,209	-

Mercedes-Benz Cars achieved second-quarter EBIT of €1,041 million, which was lower than the prior-year level (Q2 2012: €1,337 million). The division's return on sales was 6.4% (Q2 2012: 8.7%). ↗ 3.03

The development of earnings primarily reflects the ongoing growth in unit sales, especially in the United States and Western Europe. We achieved high growth rates above all in the compact-car segment. Exchange-rate effects also had a positive impact on earnings. Among other things, the changed model mix had a negative effect on earnings. The decrease in earnings was additionally caused in particular by expenses connected with product enhancements and to increase production capacities, as well as advance expenditure for new technologies and vehicles. To a growing extent, efficiency actions from our "Fit for Leadership" program had a positive impact on earnings.

The EBIT posted by **Daimler Trucks** of €434 million was lower than in the prior-year quarter (Q2 2012: €524 million). The division's return on sales was 5.4% (Q2 2012: 6.4%). ↗ 3.03

There was a slight revival of unit sales, with positive effects in particular from the market recovery in Brazil. Earnings were negatively affected by the ongoing weakness of demand in Asia and Western Europe, higher warranty expenses and exchange-rate effects. Furthermore, there were expenses of €82 million for workforce adjustments in the context of an optimization program in Germany and Brazil. The efficiency actions of the "Daimler Trucks #1" program had an increasingly positive influenced earnings.

Mercedes-Benz Vans achieved second-quarter EBIT of €204 million (Q2 2012: €200 million). The division's return on sales increased to 8.4% from 8.3% in the prior-year period. ↗ 3.03

In a market environment that was still affected by weak demand and intense competition in Europe, unit sales by Mercedes-Benz Vans were slightly higher than in the second quarter of last year. Earnings were negatively impacted by changes in the product mix, as well as advance expenditure for new products, including the launch of the Sprinter Classic in Russia. There were positive effects from better pricing, lower material costs and reduced warranty expenses.

Daimler Buses posted EBIT of plus €27 million for the second quarter, which was significantly better than in the prior-year period (Q2 2012: minus €59 million). The division's return on sales was plus 2.9% (Q2 2012: minus 5.8%). ↗ 3.03

This EBIT development was driven by unit-sales growth in the European business as well as significant efficiency advances. Compared with the second quarter of last year, expenses for the repositioning of the European and American business systems decreased to €20 million (Q2 2012: €46 million).

With EBIT of €319 million, **Daimler Financial Services** did not quite match its result of the prior-year period (Q2 2012: €338 million). ↗ 3.03

The earnings development was primarily caused by lower interest margins. A higher contract volume and lower credit-risk costs had a positive effect on earnings.

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.

At the corporate level, there was income of €3,189 million (Q2 2012: expense of €59 million).

This includes a special item from our former equity interest in EADS amounting to €3,209 million. In early April, Daimler left the former EADS shareholder pact. Due to the resulting loss of significant influence, the EADS shares were no longer accounted for using the equity method. This resulted in a gain of €3,356 million in the second quarter. On April 17, 2013, the Group sold its remaining EADS shares, comprising a stake in EADS of approximately 7.4%, by way of an accelerated bookbuilding process; the development of the EADS share price between April 2, 2013 and the date of the sale resulted in a charge of €184 million in the second quarter of 2013. In addition, Daimler concluded an agreement with cash settlement allowing it to participate to a limited extent in a possible increase in the EADS share price until the end of 2013. This resulted in a gain of €30 million in the second quarter of 2013. An additional gain from the equity-method measurement of €7 million is also included. Further information on the disposal of the EADS shares in the second quarter of 2013 is included in Note 8 of the Notes to the Interim Consolidated Financial Statements.

The elimination of intra-group transactions resulted in income of €28 million in the second quarter of 2013 (Q2 2012: expense of €13 million).

Net interest expense of €184 million in the second quarter was at the prior-year level (Q2 2012: €180 million).

The **income-tax expense** for the second quarter of €475 million decreased by €48 million compared with the prior-year period. The relatively low income-tax expense in relation to pre-tax earnings is connected with the remeasurement and the sale of EADS shares, which was largely tax free.

Net profit for the second quarter of 2013 reached €4,583 million (Q2 2012: €1,565 million). Net profit of €1,749 million is attributable to non-controlling interest (Q2 2012: €88 million) and net profit of €2,834 million is **attributable to the shareholders of Daimler AG** (Q2 2012: €1,477 million); **earnings per share** therefore amount to €2.65 (Q2 2012: €1.39).

The calculation of earnings per share (basic) is based on an average number of outstanding shares of 1,068.4 million (Q2 2012: 1,066.4 million).

Daimler's EBIT for the first two quarters of 2013 amounts to €6,159 million (Q1-2 2012: €4,366 million). ↗ 3.03

In the first half of the year, the Mercedes-Benz Cars division posted a decrease in earnings despite higher unit sales. Earnings were additionally reduced by falling unit sales at Daimler Trucks and a change in the product mix at Mercedes-Benz Vans. While Daimler Buses' earnings improved significantly in the first half of 2013, Daimler Financial Services posted lower EBIT for the first two quarters.

Earnings were particularly positive affected by the gain totaling €3.2 billion from the EADS transaction.

The compounding of non-current provisions and effects resulting from lower discount rates led to an expense of €34 million in the first six months of this year (Q1-2 2012: expense of €247 million). On the other hand, there were slightly positive exchange-rate effects.

Mercedes-Benz Cars posted EBIT of €1,501 million for the first two quarters of 2013 (Q1-2 2012: €2,567 million). The division's return on sales was 4.9% (Q1-2 2012: 8.5%). ↗ 3.03

First-half earnings primarily reflect a shift in the regional sales structure and a changed model mix. Additional factors with a negative impact on earnings included expenditure for product enhancement and expansion of production capacities, as well as advance expenditure for new technologies and vehicles. There were positive influences from exchange-rate effects and efficiency actions.

The **Daimler Trucks** division posted EBIT of €550 million in the first two quarters (Q1-2 2012: €900 million); its return on sales was 3.7% (Q1-2 2012: 5.8%). ↗ 3.03

The market-related decrease in unit sales and revenue in Asia, Western Europe and the NAFTA region reduced the division's earnings in the first six months of the year, but there was some stimulus from the recovery of demand in Brazil. Expenditure connected with the expansion of business in India and China and from increased warranty expenses also had a negative impact on earnings. In additional, charges on earnings of €95 million arose from personnel actions in the context of an optimization program in Germany and Brazil. The efficiency actions of the "Daimler Trucks #1" program also increasingly affected earnings.

Mercedes-Benz Vans posted EBIT of €285 million in the first two quarters (Q1-2 2012: €367 million). The division's return on sales was 6.4% (Q1-2 2012: 8.1%). ↗ 3.03

The main reasons for this development were changes in the product mix. Earnings were impacted also by advance expenditure for new products, including the launch of the Sprinter Classic in Russia. There were positive effects on earnings from better pricing, lower material costs and lower warranty expenses.

Daimler Buses posted EBIT of minus €4 million in the first six months of this year (Q1-2 2012: minus €164 million). The division's return on sales amounted accordingly to minus 0.2% (Q1-2 2012: minus 9.4%). ↗ 3.03

The development of earnings primarily reflects higher sales of bus chassis in Latin America and the positive development of business in Europe. Expenses for repositioning the business systems in Europe and America reduced earnings by €24 million in the first two quarters of this year (Q1-2 2012: €82 million). On the other hand, exchange-rate effects had a positive impact on earnings.

EBIT of €633 million posted by **Daimler Financial Services** for the first two quarters of 2013 were lower than the prior-year figure of €682 million. ↗ 3.03

The earnings development was primarily caused by lower interest margins. A higher contract volume and lower credit-risk costs had a positive effect on earnings.

Items included in the **reconciliation** of the divisions' EBIT to Group EBIT had an impact of plus €3,194 million on earnings for the first half of the year (Q1-2 2012: plus €14 million).

This primarily reflects the special item from our former interest in EADS. Additional details on this subject are provided in Note 8 of the Notes to the Interim Consolidated Financial Statements.

Furthermore, expenses at the corporate level of an unchanged €111 million have been recognized.

The elimination of intra-group transactions resulted in income of €62 million (Q1-2 2012: expense of €25 million).

Net interest expense in the first half of 2013 amounted to €341 million (Q1-2 2012: net interest expense of €285 million). The increase in other interest expenses was primarily related to maintaining a higher level of gross liquidity in combination with increased financing liabilities. Due to the significantly lower level of interest on investments compared with refinancing costs, other interest expenses increased compared with the prior-year period. Expenses in connection with the Group's pension and healthcare obligations increased only slightly compared with the prior-year period, however.

The **income-tax expense** of €671 million reported for the first half of 2013 is €420 million lower than for the prior-year period. The relatively low income-tax expense in relation to pre-tax earnings is due to the remeasurement and the sale of the EADS shares, which was largely tax free.

First-half **net profit** improved to €5,147 million (Q1-2 2012: €2,990 million). Profit **attributable to minority interest** amounts to €1,777 million (Q1-2 2012: €166 million). Net profit attributable to the **shareholders of Daimler AG** amounts to €3,370 million (Q1-2 2012: €2,824 million). **Earnings per share** increased to €3.16 (Q1-2 2012: €2.65).

The calculation of earnings per share (basic) is based on an average number of outstanding shares of 1,068.0 million (Q1-2 2012: 1,066.4 million).

Cash flows

Cash provided by operating activities ↗ 3.05 increased in the first half of 2013 by €1.5 billion to €1.6 billion. The increase in the Group's profit before income taxes includes the gain of €3.4 billion on the remeasurement of the EADS shares, which has no impact on cash. The development of working capital had positive effects. They result from the higher increase in trade payables while the inventory increase was slightly higher than in the prior-year period. Growth in new business in leasing and sales financing was lower than the high level of the prior-year period. Lower tax payments were another factor.

3.05
Condensed consolidated statement of cash flows

In millions of euros	Q1-2 2013	Q1-2 2012	Change
Cash and cash equivalents at beginning of period	10,996	9,576	1,420
Cash provided by operating activities	1,570	39	1,531
Cash used for investing activities	-2,716	-3,915	1,199
Cash provided by financing activities	1,807	6,355	-4,548
Effect of exchange-rate changes on cash and cash equivalents	-50	39	-89
Cash and cash equivalents at end of period	11,607	12,094	-487

3.06
Free cash flow of the industrial business

In millions of euros	Q1-2 2013	Q1-2 2012	Change
Cash provided by operating activities	3,430	2,722	708
Cash used for investing activities	-2,640	-3,322	682
Change in marketable debt securities	1,639	-363	2,002
Other adjustments	-127	-9	-118
Free cash flow of the industrial business	2,302	-972	3,274

3.07
Net liquidity of the industrial business

In millions of euros	June 30, 2013	Dec. 31, 2012	Change
Cash and cash equivalents	10,691	9,887	804
Marketable debt securities	5,452	3,841	1,611
Liquidity	16,143	13,728	2,415
Financing liabilities	-4,948	-2,883	-2,065
Market valuation and currency hedges for financing liabilities	131	663	-532
Financing liabilities (nominal)	-4,817	-2,220	-2,597
Net liquidity	11,326	11,508	-182

3.08
Net debt of the Daimler Group

In millions of euros	June 30, 2013	Dec. 31, 2012	Change
Cash and cash equivalents	11,607	10,996	611
Marketable debt securities	7,263	5,598	1,665
Liquidity	18,870	16,594	2,276
Financing liabilities	-78,395	-76,251	-2,144
Market valuation and currency hedges for financing liabilities	133	665	-532
Financing liabilities (nominal)	-78,262	-75,586	-2,676
Net debt	-59,392	-58,992	-400

Cash used for investing activities ↗ 3.05 amounted to €2.7 billion in the first half of the year (Q1-2 2012: €3.9 billion). The change compared with the prior-year period result primarily from the cash flows related to acquisitions and disposals of shares in companies. In the first half of 2013, there was an impact from the sale of the remaining shares in EADS (€2.2 billion) and the capital increase at Beijing Benz Automotive Co., Ltd. (BBAC), resulting in a net cash inflow, while payments for acquisitions were significantly higher than sale proceeds in the prior-year period. Significantly higher cash outflows (net) resulted from the purchase and sale of securities carried out in the context of liquidity management. The slight decrease in capital expenditure was offset by the increased investment intangible assets.

Cash provided by financing activities ↗ 3.05 amounted to €1.8 billion in the first two quarters (Q1-2 2012: €6.4 billion). This change resulted almost solely from the decrease in financing liabilities (net). There was an opposing effect from lower dividend payments to minority interests of subsidiaries.

Cash and cash equivalents increased compared with December 31, 2012 by €0.6 billion, after taking currency translation into account. Total liquidity, which also includes marketable debt securities, rose by €2.3 billion to €18.9 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 ↗ 3.06**, 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. The adjustments also include acquisitions of non-controlling interests in subsidiaries, which are reported as part of cash used for financing activities.

The free cash flow amounted to €2.3 billion in the first half of 2013.

The positive profit contributions of the automotive divisions 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 €0.6 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 as well as from the capital increase at Beijing Benz Automotive Co., Ltd. (BBAC). The free cash flow of the industrial business was also positively influenced by the cash inflow from the sale of the remaining shares in EADS. In addition, income tax payments reduced the free cash flow of the industrial business.

The **net liquidity of the industrial business ↗ 3.07** is calculated as the total amount as shown in the balance sheet of cash, cash equivalents and marketable debt securities included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

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

The net liquidity of the industrial business of €11.3 billion was slightly below the level of December 31, 2012. The positive free cash flow of the industrial business was roughly offset by the dividend payment to the shareholders of Daimler AG for the year 2012.

Net debt at Group level, which primarily results from the refinancing of the leasing and sales financing business, increased by €0.4 billion compared with December 31, 2012. ↗ 3.08

The Daimler Group utilized the favorable conditions on the international money and capital markets in the first half of 2013 for **refinancing**. In the first six months of the year, Daimler had a cash inflow of €6.7 billion from the issuance of bonds (Q1-2 2012: €9.7 billion); outflows for the redemption of maturing bonds amounted to €3.0 billion (Q1-2 2012: €4.2 billion).

Financial position

The Group's **balance sheet total** increased compared with December 31, 2012 from €163.1 billion to €167.3 billion; Adjusted for currency effects, the increase amounts to €6.8 billion. The financial services business accounts for €86.5 billion of the balance sheet total (December 31, 2012: €85.5 billion), equivalent to 52% of the Daimler Group's total assets, as at the end of 2012.

The increase in total assets is primarily due to the growth of the financial services business, higher liquidity (Cash and cash equivalents and marketable debt securities) and increased inventories. The sale of shares in EADS led to a decrease in financial investments accounted for using the equity method. On the liability sinde of the balance sheet, the increase is accompanied on the other side of the balance sheet primarily by higher financing liabilities and trade payables, as well as by increased equity. Current assets account for 43% of total assets (December 31, 2012: 41%). Current liabilities account for 37% of total equity and liabilities (December 31, 2012: 36%).

3.09

Condensed consolidated statement of financial position

In millions of euros	June 30, 2013	Dec. 31, 2012[1]	% change
Assets			
Intangible assets	9,211	8,885	+4
Property, plant and equipment	20,820	20,599	+1
Equipment on operating leases and receivables from financial services	76,431	75,118	+2
Investments accounted for using the equity method	2,907	4,304	-32
Inventories	19,246	17,720	+9
Trade receivables	7,884	7,543	+5
Cash and cash equivalents	11,607	10,996	+6
Marketable debt securities	7,263	5,598	+30
Other financial assets	6,118	5,960	+3
Other assets	5,801	6,339	-8
Total assets	167,288	163,062	+3
Equity and liabilities			
Equity	40,072	39,330	+2
Provisions	24,132	24,474	-1
Financing liabilities	78,395	76,251	+3
Trade payables	10,381	8,832	+18
Other financial liabilities	8,000	8,449	-5
Other liabilities	6,308	5,726	+10
Total equity and liabilities	167,288	163,062	+3

1 The prior-year figures have been adjusted primarily for the effects arising fromapplication of the amended version of IAS 19. Additional information on the adjustments is provided in Note 1 of the Notes to the Interim Consolidated Financial Statements.

Intangible assets of €9.2 billion (December 31, 2012: €8.9 billion) include €7.3 billion of capitalized development costs and €0.7 billion of goodwill. The Mercedes-Benz Cars division accounted for 67% of the development costs and the Daimler Trucks division accounted for 26%.

Capital expenditure was higher than depreciation, causing property, plant and equipment to rise to €20.8 billion (December 31, 2012: €20.6 billion). In the first half of 2013, a total of €2.1 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 €76.4 billion (December 31, 2012: €75.1 billion). The increase after adjusting for currency effects of €2.8 billion was the result of increased new business due to the higher volumes of unit sales by the automotive divisions. Those assets' share of total assets is nearly unchanged at 46%.

Investments accounted for using the equity method of €2.9 billion (December 31, 2012: €4.3 billion) mainly comprise the carrying amounts of our investments in Rolls-Royce PSH, the Chinese joint venture Beijing Foton Daimler Automotive for the truck business and Beijing Benz Automotive for cars, as well as Kamaz. The decrease mainly reflects the dissolution of the previous shareholders' pact and the loss of significant influence on EADS in April 2013.

Inventories increased by €1.5 billion to €19.2 billion, equivalent to 12% of total assets (December 31, 2012: 11%). The launch of new models, especially in the Mercedes-Benz Cars division, led to an increase in finished goods of €1.1 billion to €14.4 billion.

Trade receivables increased by €0.3 billion to €7.9 billion.

Cash and cash equivalents increased compared with the end of the year 2012 by €0.6 billion to €11.6 billion.

Marketable debt securities increased compared with December 31, 2012 from €5.6 billion to €7.3 billion. Those assets include the debt instruments that are allocated to liquidity and are publicly traded. They generally have an external rating of A or better.

Other financial assets increased by €0.2 billion to €6.1 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. The increase primarily reflects the development of Renault und Nissan share prices.

Other assets of €5.8 billion (December 31, 2012: €6.3 billion) primarily comprise deferred tax assets and tax refund claims.

The Group's **equity** increased compared with December 31, 2012 by €0.7 billion to €40.1 billion. Net profit of €5.1 billion was primarily offset by the distribution of the dividend for the year 2012 to the shareholders of Daimler AG in an amount of €2.3 billion. In addition, equity decreased by €2.4 billion with no effect on earnings due to the transfer of EADS shares to the Dedalus investors. Equity attributable to the shareholders of Daimler AG increased to €39.4 billion (December 31, 2012: €37.9 billion).

The **equity ratio** was 24.0% for the Group (December 31, 2012: 22.7%) and 41.4% for the industrial business (December 31, 2012: 39.8%). The equity ratios at December 31, 2012 are adjusted for the dividend payment for the year 2012.

Provisions decreased to €24.1 billion (December 31, 2012: €24.5 billion), equivalent to 14% of the balance sheet total, which is slightly below the level at the end of 2012. The primarily comprise pension obligations (€11.0 billion) as well as liabilities from product warranties (€4.9 billion), from personnel and social costs (€2.6 billion) and from income taxes (€1.7 billion).

Financing liabilities increased by €2.1 billion to €78.4 billion. The increase of €3.6 billion after adjusting for exchange-rate effects is mainly the result of the growing leasing and sales financing business. Of the financing liabilities, 49% are accounted for by bonds, 25% by liabilities to banks, 15% by deposits in the direct banking business and 7% by liabilities from ABS transactions.

Trade payables increased compared with the end of 2012 to €10.4 billion, due to changes in production volumes during the year (December 31, 2012: €8.8 billion).

Other financial liabilities decreased by €0.4 billion to €8.0 billion. They mainly consist of liabilities from residual-value guarantees, deposits received, liabilities from wages and salaries, derivative financial instruments and accrued interest on financing liabilities.

Other liabilities of €6.3 billion (December 31, 2012: €5.7 billion) primarily comprise deferred taxes, tax liabilities and deferred income.

Further information on the Group's assets, equity and liabilities is provided in the consolidated statement of financial position ↗ 5.03, the consolidated statement of changes in equity ↗ 5.04 and in the respective notes in the Notes to the Interim Consolidated Financial Statements.

The funded status of the Group's **pension benefit obligations**, defined as the difference between the present value of the pension obligations and the fair value of pension plan assets, amounted to minus €9.6 billion at June 30, 2013, compared with minus €9.7 billion at December 31, 2012. On the interim balance sheet date, the Group's pension obligations amounted to €23.5 billion, compared with €23.9 billion at the end of last year. The decrease was primarily due to the increase in discount rates, especially for the German and US plans. As a result, the actuarial losses from defined benefit pension plans that are recognized in equity under retained earnings decreased by €0.6 billion before taxes. The volume of plan assets available to finance the pension obligations decreased from €14.2 billion to €13.9 billion at June 30, 2013. Further information on pensions and similar obligations is provided in Note 12 of the Notes to the Interim Consolidated Financial Statements.

Capital expenditure and research activities

The Daimler Group invested €2.1 billion in property, plant and equipment in the first six months of this year (Q1-2 2012: €2.4 billion). Most of this investment volume, €1.6 billion, was at the Mercedes-Benz Cars division (Q1-2 2012: €1.7 billion). The main area of capital expenditure was on preparing for the production of new models, in particular the new S-Class and the successor models to the current C-Class and the smart. Other areas were expenditure for the ongoing expansion of our international production and component plants.

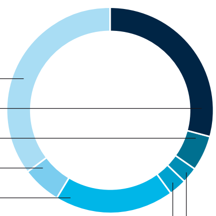
The Daimler Group's research and development spending in the first half amounted to €2.7 billion (Q1-2 2012: €2.8 billion), of which €0.7 billion was capitalized (Q1-2 2012: €0.7 billion). Approximately two thirds of research and development spending was at the Mercedes-Benz Cars segment, mainly comprising advance expenditure for the renewal of existing models and the development of new ones, as well as the further development of drive systems and safety technologies.

Workforce

At the end of the second quarter of 2013, Daimler employed 276,044 people worldwide (end of Q2 2012: 273,749). Of that total, 167,926 were employed in Germany (end of Q2 2012: 166,477), 21,555 in the United States (end of Q2 2012: 22,137), 14,348 in Brazil (end of Q2 2012: 14,712) and 11,404 in Japan (end of Q2 2012: 11,417). Our consolidated subsidiaries in China employed 1,834 people at the end of the second quarter (end of Q2 2012: 2,374). The decreased headcount in China resulted from the integration of the sales organizations for cars into a non-consolidated joint-venture company.
In South Africa, employees in sales functions were previously allocated to the Mercedes-Benz Cars division and are now reported within the sales organization.

3.10
Employees by division

Daimler Group	276,044
Mercedes-Benz Cars	97,743
Daimler Trucks	80,851
Mercedes-Benz Vans	15,252
Daimler Buses	16,196
Sales Organization	51,748
Daimler Financial Services	7,902
Other	6,352



Important events

Changes in the Supervisory Board and the Board of Management

On April 10, 2013, the Annual Shareholders' Meeting of Daimler AG elected Andrea Jung to the Supervisory Board as successor to the departing member Lynton R. Wilson. Ms. Jung is elected as a member of the Supervisory Board of Daimler AG until the end of the Annual Shareholders' Meeting in 2018.

The Annual Shareholders' Meeting of Daimler AG also extended by five years the terms of office of Sari Baldauf and Dr. Jürgen Hambrecht as members of the Supervisory Board representing the shareholders.

The members of the Supervisory Board representing the employees were newly elected on March 13, 2013. Elke Tönjes-Werner and Wolfgang Nieke were elected as successors to the departing members Ansgar Osseforth and Uwe Werner. Sabine Maaßen succeeds to Dr. Thomas Klebe as a member of the Supervisory Board representing the trade unions, and Dr. Frank Weber represents the executive management as successor to Prof. Dr. Heinrich Flegel. The election took effect at the end of the Annual Shareholders' Meeting on April 10, 2013.

Andreas Renschler took over Board of Management responsibility for Manufacturing and Procurement Mercedes-Benz Cars & Mercedes-Benz Vans effective April 1, 2013. At the same time, Dr. Wolfgang Bernhard took over Board of Management responsibility for Daimler Trucks.

In its meeting on April 24, 2013, the Supervisory Board of Daimler AG extended the contract of Dr. Christine Hohmann-Dennhardt until February 28, 2017. Dr. Christine Hohmann-Dennhardt has been a member of the Board of Management of Daimler AG since February 16, 2011, with responsibility for Integrity and Legal Affairs.

Daimler sells its remaining EADS shares

On March 27, 2013, the EADS Extraordinary Shareholders' Meeting approved a new management and shareholder structure. Subsequently, on April 2, 2013, the shareholders' pact concluded in the year 2000 was dissolved and replaced with a new shareholders' pact without the participation of Daimler. At the same time, those EADS shares which had previously been held by Daimler but of which the Dedalus investors had economic ownership were transferred to the Dedalus investors. With the dissolution of the previous shareholders' pact, Daimler lost its significant influence on EADS. As a result of the loss of significant influence and the transfer of EADS shares to the Dedalus investors, the EADS shares were remeasured through profit and loss on April 2 at their higher stock-market price on that date.

On April 17, 2013, Daimler sold its remaining EADS shares constituting a stake of approximately 7.4% by way of an accelerated placement procedure with an offer price of €37 per EADS share. The remeasurement and sale of EADS shares led to a gain recognized in Group EBIT totaling €3.2 billion, of which €1.7 billion is allocable to the Dedalus investors. The sale resulted in a cash inflow for Daimler of €2.2 billion. As of the conclusion of the transaction, Daimler no longer holds any shares in EADS. In addition, the Group has concluded cash-settled contracts with Goldman Sachs and Morgan Stanley which will allow Daimler to participate to a limited extent in a possible increase in the EADS share price until the end of 2013. See page 10.

Additional location for transmission assembly

The Board of Management of Daimler AG has decided to expand the powertrain production network of Mercedes-Benz Cars. It is planned to establish production capacities for the assembly of transmissions at Daimler's Romanian subsidiary, Star Transmission. More than €280 million is to be invested in Romania for the production of a new generation of automatic transmissions. Total investment of more than €300 million is planned at that site.

Risk report

Daimler's business divisions are exposed to a large number of risks which are inextricably connected with entrepreneurial activity. With regard to the existing opportunities and risks, we refer to the statements made on pages 125 to 132 and on page 137 of our Annual Report 2012, as well as to the notes on forward-looking statements provided at the end of this Interim Management Report.

At the beginning of the third quarter of 2013, economic risks still exist for the world economy, some of which are quite considerable, such as the risks relating to the European Monetary Union. Although there are meanwhile signs that the economic situation here is stabilizing and that even slight growth is possible, the sovereign-debt crisis can break out again at any time. One of the crucial points will be whether the reform and consolidation efforts are continued and whether social stability can be maintained in view of high unemployment rates. Another risk is connected with the hard-to-predict effects of a less expansive monetary policy, which the US Federal Reserve might be the first to implement. The latest uncertainty in the financial markets has made it very clear how sensitive the markets are at present. In the United States, there are also some fiscal-policy hurdles that necessitate agreement between the political parties there. A considerable risk for the world economy would arise if the current growth slowdown in the emerging markets continued or worsened. This applies above all to the Chinese economy, which is seeking transition from excessive dependence on credit and investment to a more consumer-based economy. Geopolitical tension in the Middle East is almost unchanged, as reflected by the high price volatility of commodity markets, especially for crude oil. Tension on the Korean peninsula and the unrest in Turkey and Brazil also give cause for concern. Despite the aforementioned possible winding down of expansionary monetary policy, there is still too much liquidity in the system, which in view of the world economy's below-average growth may lead to speculative bubbles and thus to overheating.

According to EU Directive 2006/40/EC, since January 1, 2011, vehicles can only receive type approval if their air-conditioning systems are filled with a refrigerant that fulfills certain criteria with regard to climate friendliness. The Directive allows for an introductory period until December 31, 2016 for implementation in all new vehicles. Mercedes-Benz had originally planned with the earliest possible application of the new refrigerant (R1234yf) in its new vehicle models and therefore did not intend to make use of this transitional period. However, due to the safety risks identified by Mercedes-Benz in the summer of 2012, Daimler has now decided not to apply the new refrigerant R1234yf in its vehicles. The Mercedes-Benz A-Class, B-Class, CLA-Class and SL have a valid type approval from Germany's Federal Office for Motor Vehicles. This is generally valid all over Europe and is registered with the authorities in all European markets. Only the relevant French authority (SIV France) has not yet carried out the formal act of registration. As a result, the aforementioned models from Mercedes-Benz with a date of production after June 12, 2013 can temporarily not be registered in France. We are holding discussions with all the relevant institutions in order to reach rapid clarification of the situation. If we do not succeed in doing this soon, negative effects on our unit sales, revenue and earnings cannot be ruled out.

Outlook

At the start of the third quarter, we still have intact prospects that the **world economy** will continue along its upward path. Although some leading indicators such as business and consumer confidence or incoming orders are still very volatile and therefore not sending any clear signals, the global economic picture is generally confirmed. For the coming quarters, most analysts anticipate a slight revival at first, which should then accelerate next year. The key drivers of this development will this time include the industrialized countries, above all the United States and Japan. In the United States, private consumption has developed better so far this year than seemed possible given the fiscal burdens. Additional positive factors are solid growth in employment, a supportive real-estate market and an upturn in investment. In Japan, the stimulating effect of expansive measures should continue in the coming months. If there is no renewed escalation of the European sovereign-debt crisis, current developments suggest that there will be a rather hesitant economic recovery in the euro zone. But even if there is slight growth in each of the next two quarters, the total economic output of the European Monetary Union in full-year 2013 will be lower than in 2012. Prospects of growth for many emerging economies worsened somewhat towards the middle of the year. For the Chinese economy for example, growth of over 8% is no longer assumed; expectations tend more towards 7.5%. The growth outlook for Brazil, Russia and India is meanwhile also about half a percentage point lower than at the beginning of the year. Nonetheless, with aggregate economic growth of approximately 4.5%, the emerging markets remain significantly more dynamic than the industrialized countries, which are likely to achieve only a little better than 1%. For the world economy, this would add up to expansion of approximately 2.5% in 2013, similar to the previous year. It is also still apparent that the world economy is by no means on a stable path and remains very sensitive to external disturbances.

From today's perspective, **worldwide demand for cars** still seems likely to expand by between 2 and 4% this year. Growth will primarily be driven by the continuation of robust increases in demand in the United States and by the ongoing significant expansion of the Chinese market. Although growth rates in the US market will probably be only in single figures, new registrations are likely to reach their highest level in six years at significantly more than 15 million cars and light trucks. Growth in the Chinese market should be rather stronger than last year despite more moderate economic dynamism. Falling demand for cars meanwhile seems to have bottomed out in Western European, and a gradual improvement of the market situation is to be anticipated in the second half of the year. As the general economic environment is still weak, a significant decline is expected for the full year, however. The German car market should follow a similar path as the year progresses, but will also be significantly smaller in 2013 than last year. Market contraction is anticipated also in Japan, primarily due to unusually strong demand in the previous year caused by state incentives for car buyers. Apart from China, growth prospects for car markets in the major emerging economies are generally rather unfavorable. In India, the market can only be expected to achieve a total volume of close to the prior-year level. The best that can be expected for the Russian market is that it reaches the prior-year volume, while moderate market contraction can no longer be ruled out from today's perspective.

From today's perspective, **global demand for medium and heavy-duty trucks** is expected to grow slightly in 2013. However, this depends quite crucially on the development of the world's biggest market, China, where a significant recovery recently started which should continue in the coming months. But the ongoing rather moderate economic dynamism gives cause for uncertainty about upcoming market developments. We anticipate a stabilization of demand in North America, but no significant upward trend can be expected in the second half of this year from today's perspective. We therefore anticipate market contraction of up to 5% for the full year. We assume that the European truck market will revive moderately as the year progresses, but a decline of about 5% is expected for the full year due to the difficult economic situation. The extent of purchases possibly brought forward before the introduction of Euro VI emission regulations next year is currently difficult to assess. This special effect could have a positive impact on the market towards the end of the year. Market volume in Japan is likely to be up to 5% below the level of last year, whereby the effects of the new Japanese government's economic stimulus program on the market for medium and heavy-duty trucks are still hard to assess. For the Brazilian market, ongoing market recovery and growth of up to 10% are to be expected, despite the somewhat worsened economic outlook. The Russian market has meanwhile almost returned to the pre-crisis level and at best might maintain this level in full-year 2013. In India, demand for trucks is expected to fall due to ongoing below-average levels of economic growth.

Following the weak development of the European **van market** in the first half of 2013, we anticipate a gradual recovery of demand during the rest of 2013, and thus expect the market to contract by approximately 5% in the full year. Demand in the countries of southern Europe is likely to remain particularly weak. The outlook for the United States is positive: We assume that the US market for large vans will continue to grow. In Latin America, the market for large vans should expand again following the significant decline of last year. In China, we anticipate a slight recovery of the market we address there.

We expect the Western European market for **buses** to have a volume similar to that of last year. Demand for buses in Latin America should increase again moderately after the significant decline of 2012. The Brazilian market for buses is likely to revive in the medium term, also in view of the upcoming soccer World Cup in 2014 and the Olympic Games in 2016.

On the basis of the divisions' planning, Daimler expects its **total unit sales** to increase again in the year 2013.

Mercedes-Benz Cars is consistently pursuing the "Mercedes-Benz 2020" offensive. Numerous model changes and new products should ensure that the division reaches a new record for unit sales in 2013. The new models in the high-volume compact-car segment are expected to make a large contribution to the growth in unit sales. Following the very successful start of the A-Class and the B-Class, the third model on the basis of the compact-car architecture has been on the market since mid-April 2013: the four-door coupe CLA. Also as of April, the new E-Class sedan and wagon are available from Mercedes-Benz sales-and-service centers and dealerships following a comprehensive upgrade. And the new E-Class coupes and convertibles have provided additional sales impetus since June. The battery-powered and thus locally emission-free super sports car SLS AMG Coupe Electric Drive has also been on the market since June. For the second half of 2013, Mercedes-Benz anticipates significant growth in the luxury segment, due above all to the launch of the new S-Class. As the most important new model of the year 2013, the new S-Class will set new standards with regard to comfortable and safe driving with pioneering innovations packaged under the name of "Mercedes-Benz Intelligent Drive." Furthermore, the Mercedes-Benz brand will continue to profit this year from the great market success of its models in the SUV segment. Despite its advancing lifecycle, the smart brand sees good chances that the unique two-seater will perform well in the highly competitive micro-car segment also in 2013, with unit sales in the magnitude of last year.

Daimler Trucks plans to achieve slight growth in unit sales this year. After the continuingly difficult economic situation in numerous key markets led to a slight decrease in unit sales in the first half of the year, as we had expected, we anticipate a revival of demand for our vehicles in the second half. In Europe, on the basis of a general slight market recovery and supported by the excellent response to our completely renewed Mercedes-Benz truck range, we assume that unit sales will increase as the year progresses. Furthermore, in some of the region's markets, we expect some purchases to be brought forward due to the upcoming introduction of the stricter Euro VI emission limits in 2014, although the extent of this effect is still hard to estimate. In Brazil, the main market of Latin America, we are participating in the current market recovery with our Euro V vehicles. In the NAFTA region, following a drop in market demand in the first half of the year, there should be at least some general market stabilization in the remaining months of 2013. In view of our high market share in the region, we expect Daimler Trucks to post slightly higher unit sales than in 2012.

Our brands Fuso and BharatBenz will make a significant contribution to our growth in unit sales. Going beyond our current market presence, they offer us additional sales possibilities in Asia and Africa. In this context, Daimler Trucks presented special Fuso models in May, which are now being produced in India for those markets. With the expansion as planned of cooperation with our local partners Kamaz and Foton in Russia and China, we are utilizing further growth potential.

Mercedes-Benz Vans assumes that it will increase its unit sales in 2013. On the product side, the new Mercedes-Benz Citan and in the second half of 2013 also the new-generation Sprinter should contribute to that growth. Local production of the Sprinter Classic in Russia should also allow us to further increase our unit sales in that growth market.

Daimler Buses anticipates a significant increase in unit sales in 2013, whereby the share of bus chassis in total unit sales is likely to increase. We expect a significant revival of demand especially in Latin America in full-year 2013, provided that the current political situation in Brazil, the region's biggest market, does not have a negative impact on public transport. For the business with complete buses in Europe, we expect to see a stable development with ongoing low volumes.

Daimler Financial Services expects further growth in new business and contract volume in full-year 2013.

Following significant growth in 2012, we assume that the **Daimler Group's revenue** will increase again in 2013. In regional terms, we anticipate above-average growth rates for the emerging markets as a whole and also for North America.

As a result of the new products launched in the first half of the year, the increasing impact of the efficiency programs we have initiated, and our assumptions for the development of the markets important to us, we expect earnings to improve significantly in the second half of 2013 compared with the first half. On the basis of our current market assessments and since there will be no further equity-method earnings from EADS, Group **EBIT from the ongoing business** in full-year 2013 is expected to be below the previous year's level.

At Mercedes-Benz Cars, we assume that full-year EBIT will be below the prior-year level. Daimler Trucks and Mercedes-Benz Vans expect to post EBIT from the ongoing business in the magnitude of 2012, while Daimler Buses should improve on last year's earnings. In 2014 and the following years, we anticipate an improvement in operating profit for all the automotive divisions and for the Group. We expect a stable earnings development for Daimler Financial Services.

Within the framework of our global growth strategy, we want to make effective use of the opportunities offered by the international automotive markets. This will require substantial investment also this year in local production facilities, new products and new technologies. In particular to support the product offensives at Mercedes-Benz Cars and Mercedes-Benz Vans, we will once again increase the Group's **capital expenditure** (2012: €4.8 billion).

We expect **research and development spending** to be in the magnitude of last year (€5.6 billion). Key projects are the successor models to the C-Class and the E-Class and the new smart models. We will also invest substantial funds in new, low-emission and fuel-efficient engines, alternative drive systems and innovative safety technologies.

From today's perspective, we assume that the **number of employees** worldwide will remain stable compared with the end of 2012.

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 Eurozone; 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 preference towards smaller, lower-margin vehicles; or 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 in 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 of 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 Report" in Daimler's most recent Annual Report. If any of these risks and uncertainties materialize, 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 publication date.

Mercedes-Benz Cars

Mercedes-Benz Cars posts record sales of 404,700 units in second quarter (Q2 2012: 370,400)
World premiere of new S-Class
Successful market launch of new E-Class family
EBIT of €1,041 million (Q2 2012: €1,337 million)

4.01 Q2

Amounts in millions of euros	Q2 2013	Q2 2012	% change
EBIT	1,041	1,337	-22
Revenue	16,324	15,364	+6
Unit sales	404,711	370,384	+9
Production	412,009	355,578	+16
Employees (June 30)	97,743	97,274	+0

4.02 Q2

Unit sales	Q2 2013	Q2 2012	% change
Total	404,711	370,384	+9
Western Europe	178,247	169,347	+5
Germany	79,774	80,911	-1
United States	76,476	65,453	+17
China	60,043	59,686	+1
Other markets	89,945	75,898	+19

New record for second-quarter unit sales
Mercedes-Benz Cars achieved a new record for unit sales in the second quarter of 2013. Total sales of the car division increased by 9% to 404,700 units (Q2 2012: 370,400). Second-quarter revenue increased by 6% to €16.3 billion.
EBIT amounted to €1,041 million (Q2 2012: €1,337 million).

Mercedes-Benz Cars performed well in a volatile European market environment and increased its share of many markets. Unit sales in Western Europe grew by 5% to 178,200 vehicles. Even in the rapidly contracting German market, Mercedes-Benz Cars almost reached the prior-year figure with sales of 79,800 units in the second quarter (Q2 2012: 80,900). We were very successful also in the United States: With sales of 76,500 units, the division sold more cars in one quarter than ever before in its biggest foreign market (+17%). Sales developed very positively also in Russia (+26%) and Japan (+19%). Unit sales in China increased to 60,000 (Q2 2012: 59,700).

Strong demand for new compact cars and SUVs
Of the Mercedes-Benz model series, the new compact cars sold particularly well in the second quarter: 100,300 units of the A-Class, B-Class and CLA were sold from April through June (+89%). The new E-Class family is also very popular with our customers. 82,200 models of the E-Class segment were sold in the second quarter (Q2 1012: 82,600), although the new models had not yet been launched in several major markets. The Mercedes-Benz SUVs continued their positive development: Worldwide sales in the second quarter totaled 83,900 units (+17%).

Luxury and performance – the model offensive continues
The new S-Class had its world premiere in Hamburg in mid-May 2013. This model is the technological spearhead not only of Mercedes-Benz, but of automotive development per se. Due to its exceptional fuel efficiency and outstanding aerodynamics, it delivers an environmentally friendly performance as well. With its innovative driver-assistance and safety systems – brought together under the heading of Intelligent Drive – the S-Class is also a pioneer on the way to autonomous driving. No other car epitomizes the brand promise of Mercedes-Benz like the S-Class. And customers have shown enormous interest in the new luxury sedan: 20,000 orders had already been received before the market launch.

After the sedan and the wagon, Mercedes-Benz also completely revised the coupe and the convertible of the E-Class family. An exclusive, luxurious level of equipment for perfect driving culture underscores the customers' individuality and their membership of the E-Class family.

In June, 18 new AMG high-performance automobiles debuted at the Mercedes-Benz dealerships.

Successful ramp-up of new S-Class
From the perspective of production, the highlight of the second quarter was the successful start of production of the new S-Class in Sindelfingen. With this milestone, Mercedes-Benz continues its product offensive in the luxury segment. Due to high unit sales, the car plants are generally operating at high levels of capacity. Because of strong demand from our customers, most of the factories will continue to produce through the summer months without any interruptions for holidays.

4.03 Q1-2

Amounts in millions of euros	Q1-2 2013	Q1-2 2012	% change
EBIT	1,501	2,567	-42
Revenue	30,434	30,301	+0
Unit sales	746,222	708,687	+5
Production	786,050	719,587	+9
Employees (June 30)	97,743	97,274	+0

4.04 Q1-2

Unit sales	Q1-2 2013	Q1-2 2012	% change
Total	746,222	708,687	+5
Western Europe	327,938	325,621	+1
Germany	140,904	145,579	-3
United States	144,474	134,056	+8
China	106,455	102,204	+4
Other markets	167,355	146,806	+14

Daimler Trucks

Growth in sales to 123,800 units despite difficult market conditions (Q2 2012: 122,200)
Truck plant in Chennai, India, produces Fuso models for export markets
Euro VI portfolio of Mercedes-Benz trucks completed
EBIT of €434 million (Q2 2012: €524 million)

4.05 Q2

Amounts in millions of euros	Q2 2013	Q2 2012	% change
EBIT	434	524	-17
Revenue	7,965	8,129	-2
Unit sales	123,763	122,217	+1
Production	127,401	120,914	+5
Employees (June 30)	80,851	81,418	-1

4.06 Q2

Unit sales	Q2 2013	Q2 2012	% change
Total	123,763	122,217	+1
Western Europe	14,270	15,041	-5
NAFTA region	34,924	34,573	+1
Latin America (excluding Mexico)	16,051	10,209	+57
Asia	41,955	46,193	-9
Other markets	16,563	16,201	+2
BFDA (Auman Trucks)	28,229	-	.
Total (including BFDA)	151,992	122,217	+24

Slight growth in unit sales
Daimler Trucks' second-quarter unit sales were slightly above the prior-year level at 123,800 vehicles (+1%). Revenue reached €8.0 billion (-2%). EBIT amounted to €434 million (Q2 2012: €524 million) including expenses of €82 million for personnel actions in Germany and Brazil.

Excellent product acceptance in difficult market situation
The series-production of the new Mercedes-Benz Atego represents the completion of our global model offensive. In addition to numerous awards – for example of "Green Truck 2013" for the Actros – the excellent response to our new vehicles and engines is reflected also by their strong market position. Our unit sales developed better than the markets in many regions, where the difficult economic situation is still dampening demand for investment goods. In Western Europe, our sales of 14,300 units were only slightly lower than in the prior-year quarter, despite a significant market decline in the medium and heavy segments. This resulted in an increased market share of 24.0% (Q2 2012: 23.3%). With sales of 5,900 units in Turkey, we were able to sell 14% more vehicles than in the second quarter of 2012, contrary to the general market development, and increased our market share to 51.2% (Q2 2012: 45%). We improved on our prior-year unit sales also in the NAFTA region with 34,900 vehicles sold (Q2 2012: 34,600), although demand for Class 6-8 trucks was significantly weaker than in the second quarter of last year, and our market share rose to 38.3% (Q2 2012: 31.5%). A significant factor for our success was strong demand for the Cascadia Evolution, which, amongst other improvements, achieves enhanced fuel efficiency as a result of optimized aerodynamics and powertrain. In addition, we are the first producer in North America to offer a completely integrated powertrain. The Latin American market continued along its path of moderate recovery; our unit sales there increased by 57% to 16,100 vehicles. Our unit sales in Japan were lower than in the prior-year period for market reasons, but we were able to defend our market position. In India, we significantly increased our unit sales as part of the business expansion there, although the overall market contracted significantly.

Fuso truck models produced in Chennai for export
As part of the DT#1 excellence initiative, we are now producing Fuso models at our Indian plant for export markets. The start of production is a key milestone of the new Asian business model, which utilizes important synergy potential and allows us to operate efficiently and grow profitably in expanding markets.

Euro VI portfolio of Mercedes-Benz trucks completed
The start of series production of the Mercedes-Benz Arocs construction-site truck and the new Atego local distribution truck makes Daimler Trucks the first producer to offer a complete Euro VI program in the heavy-duty and medium-duty classes, a full six months before the emission regulations take effect. Despite the application of complex technologies for exhaust-gas after-treatment, the new models consume up to 5% less fuel than their predecessors.

Chinese joint venture sells 28,200 vehicles
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 28,200 vehicles under the Auman brand name in the second quarter of this year.

4.07 Q1-2

Amounts in millions of euros	Q1-2 2013	Q1-2 2012	% change
EBIT	550	900	-39
Revenue	14,989	15,512	-3
Unit sales	225,196	229,881	-2
Production	238,581	235,477	+1
Employees (June 30)	80,851	81,418	-1

4.08 Q1-2

Unit sales	Q1-2 2013	Q1-2 2012	% change
Total	225,196	229,881	-2
Western Europe	26,238	28,107	-7
NAFTA region	65,566	67,212	-2
Latin America (excluding Mexico)	29,038	20,140	+44
Asia	77,176	86,240	-11
Other markets	27,178	28,182	-4
BFDA (Auman Trucks)	51,230	-	.
Total (including BFDA)	276,426	229.881	+20

Mercedes-Benz Vans

Slight increase in unit sales to 69,400 vehicles (Q2 2012: 69,300)
Mercedes-Benz Vans succeeds in the growth markets
World premiere for new Sprinter
EBIT of €204 million (Q2 2012: €200 million)

4.09 Q2

Amounts in millions of euros	Q2 2013	Q2 2012	% change
EBIT	204	200	+2
Revenue	2,434	2,420	+1
Unit sales	69,436	69,324	+0
Production	72,811	67,795	+7
Employees (June 30)	15,252	14,832	+3

4.10 Q2

Unit sales	Q2 2013	Q2 2012	% change
Total	69,436	69,324	+0
Western Europe	42,480	46,519	-9
Germany	18,573	20,832	-11
Eastern Europe	7,243	6,497	+11
United States	6,108	6,310	-3
Latin America (excluding Mexico)	5,162	2,346	+120
China	3,310	2,358	+40
Other markets	5,133	5,294	-3

Slight improvement in earnings despite market decline in Western Europe
Despite a difficult market environment in Western Europe, Mercedes-Benz Vans slightly improved on its unit sales of the prior-year period, selling 69,400 vehicles in the second quarter (Q2 2012: 69,300). Demand was particularly strong for our Sprinter in Latin America. Revenue of €2.4 billion was of the magnitude of the prior-year quarter, while EBIT amounted to €204 million (Q2 2012: €200 million).

Mercedes-Benz Vans succeeds in the growth markets
Weak demand in the Western European van market continued in the second quarter of 2013, although there have been some signs of stabilization. Mercedes-Benz Vans was unable to escape this general market development. Our sales of 42,500 units in Western Europe were significantly lower than in the prior-year period (Q2 2012: 46,500). Compared with the second quarter of last year, we posted a significant decrease in unit sales also in Germany, our domestic market, selling 18,600 vehicles (Q2 2012: 20,800). The development in Eastern Europe was positive; sales in this region increased by 11% to 7,200 units. There was continued strong demand for our products in growth market Russia. Mercedes-Benz Vans posted excellent sales figures in Latin America; due to the high demand for the current generation of the Sprinter, we more than doubled our unit sales compared with the prior-year period in this growth market to sell 5,200 vehicles. In Brazil and Argentina, the Sprinter gained market leadership in the large-van segment with a market share of 24%. In the United States, we posted a slight sales decrease to 6,100 units (Q2 2012: 6,300).

Worldwide sales of 42,500 Sprinter vans were at the prior-year level, despite the market decline in Western Europe and the announced model change. Of the two models Vito und Viano, a total of 20,800 units were sold in the second quarter of this year. 5,200 units of the Mercedes-Benz Citan were sold.

Mercedes-Benz Vans sets new safety standards once again
In late April, Mercedes-Benz Vans celebrated the world premiere of its most important vehicle: The new Mercedes-Benz Sprinter was launched. The Sprinter is always the innovation leader in its class and also leads the segment in terms of fuel efficiency. It now sets the benchmark with five new safety systems, with engines that comply with the future Euro VI emission regulations and with a distinctive design. Five new assistance systems – including world premieres for vans – help to further reduce the frequency of road accidents. The Sprinter premieres the standard side-wind assistant, the optional distance-warning assistant and the blind-spot assistant.

Vans with the star win international prizes
The Sprinter remains the benchmark also for large vans. In Germany, it was named “KEP Van of the Year 2013” for the 17th time in succession by a jury consisting of experts from the courier, express and parcel delivery sector (KEP). Furthermore, it was voted “Van of the Year” in Australia, and once again took first place in the “Van Fleet World Honors 2013” in the United Kingdom.

4.11 Q1-2

Amounts in millions of euros	Q1-2 2013	Q1-2 2012	% change
EBIT	285	367	-22
Revenue	4,420	4,508	-2
Unit sales	122,059	120,547	+1
Production	135,980	130,769	+4
Employees (June 30)	15,252	14,832	+3

4.12 Q1-2

Unit sales	Q1-2 2013	Q1-2 2012	% change
Total	122,059	120,547	+1
Western Europe	75,126	80,913	-7
Germany	31,168	34,277	-9
Eastern Europe	12,456	11,094	+12
United States	10,084	9,867	+2
Latin America (excluding Mexico)	9,271	5,292	+75
China	5,681	3,419	+66
Other markets	9,441	9,962	-5

Daimler Buses

Unit sales below prior-year figure at 7,900 buses and bus chassis
Encouraging development of demand in our city-bus business
Additional major orders received
Significant EBIT improvement to plus €27 million (Q2 2012: minus €59 million)

4.13 Q2

Amounts in millions of euros	Q2 2013	Q2 2012	% change
EBIT	27	-59	.
Revenue	934	1,016	-8
Unit sales	7,913	8,418	-6
Production	9,269	7,872	+18
Employees (June 30)	16,196	17,105	-5

4.14 Q2

Unit sales	Q2 2013	Q2 2012	% change
Total	7,913	8,418	-6
Western Europe	1,488	1,377	+8
Germany	503	460	+9
NAFTA region	712	1,112	-36
Latin America (excluding Mexico)	4,529	4,689	-3
Asia	349	553	-37
Other markets	835	687	+22

Significant improvement in EBIT
Daimler Buses sold 7,900 buses and bus chassis worldwide in the second quarter of 2013 (Q2 2012: 8,400). Revenue amounted to €0.9 billion (Q2 2012: €1.0 billion). EBIT improved by €86 million to plus €27 million.

Differing development of unit sales in the regions
In its core markets of Western Europe and Latin America Daimler Buses held its total volume of units sales almost constant in the second quarter of this year. In Western Europe, we achieved growth in the business with complete buses with an 8% sales increase to 1,500 units in this region. The encouraging development of demand for our Mercedes-Benz buses, especially the new Citaro city bus, had a positive impact on our unit sales in Germany, which increased by 9% to 500 vehicles.

In Latin America, sales of 4,500 units were slightly lower than in the prior-year period (Q2 2012: 4,700). While sales of 3,000 units in Brazil, the region's biggest market, were slightly higher than in the prior-year period, demand was weaker in Chile and Peru.

Our unit sales decreased significantly in the NAFTA region, as expected following the repositioning of the North American business system in 2012 and the discontinued production of Orion buses. Sales of 700 units in Mexico were also lower than in the prior-year quarter.

Major orders for Mercedes-Benz buses and Setra coaches from Austria
"Vienna Lines," the operator of approximately 132 local transport routes in Vienna, decided in favor of 217 Mercedes-Benz Citaro buses in the context of modernizing its fleet of vehicles. This represents the biggest individual order so far for our new-generation city bus, which trade journalists have voted "European Bus of the Year 2013." Winning the invitation to tender by Austrian Railways (ÖBB) is just as pleasing; it involves the sale of 390 buses from 2013 to 2017. This demonstrates the strength of our broad product portfolio. The new Citaro Euro VI, the Mercedes-Benz Intouro and the Setra MultiClass won the tender in their respective categories.

Winners of BRT tender in South Africa
In South Africa, we have won a bus rapid transit (BRT) tender. 134 Mercedes-Benz Euro V bus chassis are to be supplied for the 120-kilometer route network outside the metropolis of Johannesburg. A crucial advantage of the BRT system is the significant reduction in CO_2 emissions compared with the stop-and-go mode of normal road traffic.

4.15 Q1-2

Amounts in millions of euros	Q1-2 2013	Q1-2 2012	% change
EBIT	-4	-164	.
Revenue	1,685	1,746	-3
Unit sales	13,946	13,314	+5
Production	16,627	14,242	+17
Employees (June 30)	16,196	17,105	-5

4.16 Q1-2

Unit sales	Q1-2 2013	Q1-2 2012	% change
Total	13,946	13,314	+5
Western Europe	2,026	2,009	+1
Germany	734	669	+10
NAFTA region	1,078	1,664	-35
Latin America (excluding Mexico)	8,670	7,479	+16
Asia	753	822	-8
Other markets	1,419	1,340	+6

Daimler Financial Services

New business up by 10%
Contract volume grows to €81.4 billion
More than 400,000 customers for car2go
EBIT of €319 million (Q2 2012: €338 million)

4.17 Q2

Amounts in millions of euros	Q2 2013	Q2 2012	% change
EBIT	319	338	-6
Revenue	3,548	3,260	+9
New business	10,292	9,380	+10
Contract volume (June 30)	81,404	76,096	+7
Employees (June 30)	7,902	7,434	+6

Growth in all regions
Daimler Financial Services concluded around 298,000 new leasing and financing contracts with a total value of €10.3 billion in the second quarter, achieving growth of 10% compared with the prior-year period. Contract volume reached €81.4 billion at the end of June, which is 2% higher than at the end of 2012. Adjusted for exchange-rate effects, the increase was 4%. EBIT amounted to €319 million (Q2 2012: €338 million).

Increased new business in Europe
In Europe, around 174,000 new leasing and financing contracts were concluded with a total volume of €5.1 billion, which is 6% more than in the prior year period. Growth was achieved above all in Turkey (+33%) and the United Kingdom (+26%). Contract volume in Europe reached €35.1 billion at the end of June, which is 2% higher than at the end of 2012. In Germany, Mercedes-Benz Bank's contract volume reached €17.9 billion (+1%) and its deposit volume in the direct banking business amounted to €12.0 billion (-1%). In June, the German trade magazine "Automobilwoche" nominated Mercedes-Benz-Bank as the country's best provider of automotive financial services.

Ongoing demand for leasing and financing in the Americas
In North and South America, new business grew compared with the prior-year quarter by 14% to €3.8 billion. The development of business was particularly positive in Mexico (+48%) and the United States (+16%). Contract volume in the region reached €35.3 billion and was thus 4% above the level at the end of 2012. Thanks to the "My MBFS" app, which is integrated into the cars, customers in the United States have been able to manage their leasing or financing contracts directly from their cars since the second quarter.

Positive development in Africa & Asia-Pacific
New business in the Africa & Asia-Pacific region increased compared with the second quarter of 2012 by 14% to €1.3 billion. Growth was particularly strong in Thailand (+79%) and South Korea (+52%). Contract volume amounted to €10.9 billion at the end of June and therefore decreased compared with year-end 2012 by 4%. Adjusted for exchange rate effects, there was an increase of 5%. Since the second quarter, customers in all twelve of the region's countries have been able to receive information on the range of automotive financial services on their smartphones and tablets using the "My MBFS" app, which is available for iOS and Android operating systems.

Renewed increase in number of insurance contracts brokered
In the insurance business, Daimler Financial Services brokered 24% more automotive insurance policies than in the second quarter of 2012. Worldwide, approximately 335,000 insurance contracts were concluded in the second quarter. The development of the insurance business was extremely successful in China, where some 50,000 policies were brokered between April and June – more than double the number of the prior-year period.

car2go already has more than 400,000 customers
The flexible mobility concept car2go started operations in Munich, Denver and Birmingham (UK) during the second quarter. As a result, car2go was active in 21 cities by the end of June. Worldwide, we gained approximately 130,000 new customers in the first half of the year, which is an increase of 47% compared with the end of 2012. car2go had a total of more than 400,000 customers at the end of the second quarter.

4.18 Q1-2

Amounts in millions of euros	Q1-2 2013	Q1-2 2012	% change
EBIT	633	682	-7
Revenue	7,125	6,400	+11
New business	18,911	17,637	+7
Contract volume (June 30)	81,404	76,096	+7
Employees (June 30)	7,902	7,434	+6

Consolidated Statement of Income (Unaudited) Q2

5.01

In millions of euros	Consolidated Group Q2 2013	Consolidated Group Q2 2012 (adjusted)[1]	Industrial Business (unaudited additional information) Q2 2013	Industrial Business (unaudited additional information) Q2 2012 (adjusted)[1]	Daimler Financial Services (unaudited additional information) Q2 2013	Daimler Financial Services (unaudited additional information) Q2 2012 (adjusted)[1]
Revenue	29,692	28,884	26,144	25,624	3,548	3,260
Cost of sales	-23,131	-22,322	-20,167	-19,648	-2,964	-2,674
Gross profit	6,561	6,562	5,977	5,976	584	586
Selling expenses	-2,809	-2,505	-2,679	-2,425	-130	-80
General administrative expenses	-919	-1,058	-779	-893	-140	-165
Research and non-capitalized development costs	-993	-1,033	-993	-1,033	-	-
Other operating income	286	377	268	365	18	12
Other operating expense	-85	-56	-78	-55	-7	-1
Share of profit/loss from investments accounted for using the equity method, net	3,323	37	3,329	43	-6	-6
Other financial expense, net	-122	-56	-122	-48	-	-8
Earnings before interest and taxes (EBIT)[2]	5,242	2,268	4,923	1,930	319	338
Interest income	35	43	35	43	-	-
Interest expense	-219	-223	-217	-220	-2	-3
Profit before income taxes	5,058	2,088	4,741	1,753	317	335
Income taxes	-475	-523	-339	-413	-136	-110
Net profit	4,583	1,565	4,402	1,340	181	225
Thereof profit attributable to non-controlling interest	1,749	88				
Thereof profit attributable to shareholders of Daimler AG	2,834	1,477				
Earnings per share (in €) for profit attributable to shareholders of Daimler AG						
Basic	2.65	1.39				
Diluted	2.65	1.39				

1 Information related to the adjustments of the prior-year figures is disclosed in Note 1.
2 EBIT includes income and/or expenses from the compounding of provisions and from the effects of changes in discount rates (Q2 2013: income of €13 million; Q2 2012: expenses of €77 million).

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

Consolidated Statement of Income (Unaudited) Q1-2

5.02

In millions of euros	Consolidated Group Q1-2 2013	Consolidated Group Q1-2 2012 (adjusted)[1]	Industrial Business (unaudited additional information) Q1-2 2013	Industrial Business (unaudited additional information) Q1-2 2012 (adjusted)[1]	Daimler Financial Services (unaudited additional information) Q1-2 2013	Daimler Financial Services (unaudited additional information) Q1-2 2012 (adjusted)[1]
Revenue	55,794	55,895	48,669	49,495	7,125	6,400
Cost of sales	-43,892	-43,028	-37,905	-37,789	-5,987	-5,239
Gross profit	11,902	12,867	10,764	11,706	1,138	1,161
Selling expenses	-5,388	-4,897	-5,146	-4,728	-242	-169
General administrative expenses	-1,857	-1,990	-1,589	-1,691	-268	-299
Research and non-capitalized development costs	-2,006	-2,074	-2,006	-2,074	-	-
Other operating income	577	666	548	646	29	20
Other operating expense	-176	-130	-166	-124	-10	-6
Share of profit/loss from investments accounted for using the equity method, net	3,325	135	3,337	146	-12	-11
Other financial expense, net	-218	-211	-216	-197	-2	-14
Earnings before interest and taxes (EBIT)[1]	6,159	4,366	5,526	3,684	633	682
Interest income	105	131	105	131	-	-
Interest expense	-446	-416	-443	-410	-3	-6
Profit before income taxes	5,818	4,081	5,188	3,405	630	676
Income taxes	-671	-1,091	-419	-862	-252	-229
Net profit	5,147	2,990	4,769	2,543	378	447
Thereof profit attributable to non-controlling interest	1,777	166				
Thereof profit attributable to shareholders of Daimler AG	3,370	2,824				
Earnings per share (in €) for profit attributable to shareholders of Daimler AG						
Basic	3.16	2.65				
Diluted	3.16	2.65				

1 Information related to the adjustments of the prior-year figures is disclosed in Note 1.
2 EBIT includes expenses from the compounding of provisions and from the effects of changes in discount rates (Q1-2 2013: €34 million; Q1-2 2012: €247 million).

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

Consolidated Statement of Comprehensive Income (Unaudited) Q2

5.03

In millions of euros	Consolidated Group Q2 2013	Q2 2012 (adjusted)[1]
Net profit	4,583	1,565
Unrealized gains/losses on currency translation	-730	511
Unrealized gains/losses on financial assets available for sale	90	-151
Unrealized gains/losses on derivative financial instruments	545	-768
Unrealized gains/losses on investments accounted for using the equity method	-94	266
Items that may be reclassified to profit/loss	-189	-142
Actuarial gains/losses on investments accounted for using the equity method	7	-1
Actuarial gains/losses from defined benefit pension plans	256	-214
Items that will not be reclassified to profit/loss	263	-215
Other comprehensive income, net of taxes	74	-357
Thereof income/loss attributable to non-controlling interest, net of taxes	-58	109
Thereof income/loss attributable to shareholders of Daimler AG, net of taxes	132	-466
Total comprehensive income	4,657	1,208
Thereof income attributable to non-controlling interest	1,691	197
Thereof income attributable to shareholders of Daimler AG	2,966	1,011

1 Information related to the adjustments of the prior-year figures is disclosed in Note 1.

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

Consolidated Statement of Comprehensive Income (Unaudited) Q1-2

5.04

In millions of euros	Consolidated Group Q1-2 2013	Q1-2 2012 (adjusted)[1]
Net profit	5,147	2,990
Unrealized gains/losses on currency translation	-545	233
Unrealized gains on financial assets available for sale	227	131
Unrealized gains/losses on derivative financial instruments	384	-287
Unrealized gains on investments accounted for using the equity method	41	143
Items that may be reclassified to profit/loss	107	220
Actuarial losses on investments accounted for using the equity method	-	-82
Actuarial gains/losses from defined benefit pension plans	418	-131
Items that will not be reclassified to profit/loss	418	-213
Other comprehensive income, net of taxes	525	7
Thereof income attributable to non-controlling interest, net of taxes	9	18
Thereof income/loss attributable to shareholders of Daimler AG, net of taxes	516	-11
Total comprehensive income	5,672	2,997
Thereof income attributable to non-controlling interest	1,786	184
Thereof income attributable to shareholders of Daimler AG	3,886	2,813

1 Information related to the adjustments of the prior-year figures is disclosed in Note 1.

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

Consolidated Statement of Financial Position (unaudited)

5.05

In millions of euros	Consolidated Group June 30, 2013	Consolidated Group Dec. 31, 2012 (adjusted)[1]	Industrial Business (unaudited additional information) June 30, 2013	Industrial Business (unaudited additional information) Dec. 31, 2012 (adjusted)[1]	Daimler Financial Services (unaudited additional information) June 30, 2013	Daimler Financial Services (unaudited additional information) Dec. 31, 2012 (adjusted)[1]
Assets						
Intangible assets	9,211	8,885	9,125	8,808	86	77
Property, plant and equipment	20,820	20,599	20,769	20,546	51	53
Equipment on operating leases	27,179	26,058	12,587	12,163	14,592	13,895
Investments accounted for using the equity method	2,907	4,304	2,906	4,291	1	13
Receivables from financial services	27,132	27,062	-37	-33	27,169	27,095
Marketable debt securities	1,731	1,539	9	9	1,722	1,530
Other financial assets	3,707	3,890	-925	-216	4,632	4,106
Deferred tax assets	2,139	2,733	1,596	2,178	543	555
Other assets	502	534	-2,414	-1,753	2,916	2,287
Total non-current assets	95,328	95,604	43,616	45,993	51,712	49,611
Inventories	19,246	17,720	18,813	17,075	433	645
Trade receivables	7,884	7,543	6,973	6,864	911	679
Receivables from financial services	22,120	21,998	-15	-17	22,135	22,015
Cash and cash equivalents	11,607	10,996	10,691	9,887	916	1,109
Marketable debt securities	5,532	4,059	5,443	3,832	89	227
Other financial assets	2,411	2,070	-6,040	-6,625	8,451	8,695
Other assets	3,160	3,072	1,293	536	1,867	2,536
Total current assets	71,960	67,458	37,158	31,552	34,802	35,906
Total assets	167,288	163,062	80,774	77,545	86,514	85,517
Equity and liabilities						
Share capital	3,067	3,063				
Capital reserves	12,032	12,026				
Retained earnings	23,456	22,017				
Other reserves	897	799				
Treasury shares	-	–				
Equity attributable to shareholders of Daimler AG	39,452	37,905				
Non-controlling interest	620	1,425				
Total equity	40,072	39,330	33,431	33,238	6,641	6,092
Provisions for pensions and similar obligations	11,031	11,299	10,877	11,151	154	148
Provisions for income taxes	846	727	841	726	5	1
Provisions for other risks	5,473	5,150	5,321	4,992	152	158
Financing liabilities	44,374	43,340	12,398	10,950	31,976	32,390
Other financial liabilities	1,618	1,750	1,514	1,613	104	137
Deferred tax liabilities	240	268	-1,962	-1,808	2,202	2,076
Deferred income	2,488	2,444	2,047	1,989	441	455
Other liabilities	26	38	23	32	3	6
Total non-current liabilities	66,096	65,016	31,059	29,645	35,037	35,371
Trade payables	10,381	8,832	10,082	8,515	299	317
Provisions for income taxes	869	1,006	807	900	62	106
Provisions for other risks	5,913	6,292	5,593	5,983	320	309
Financing liabilities	34,021	32,911	-7,450	-8,067	41,471	40,978
Other financial liabilities	6,382	6,699	4,530	5,023	1,852	1,676
Deferred income	1,867	1,640	1,356	1,153	511	487
Other liabilities	1,687	1,336	1,366	1,155	321	181
Total current liabilities	61,120	58,716	16,284	14,662	44,836	44,054
Total equity and liabilities	167,288	163,062	80,774	77,545	86,514	85,517

1 Information related to the adjustments of the prior-year figures is disclosed in Note 1.

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

Consolidated Statement of Changes in Equity (Unaudited)

5.06

In millions of euros	Share capital	Capital reserves	Retained earnings (adjusted)[1, 2]	Currency translation (adjusted)[1]	Financial assets available for sale
Balance at January 1, 2012 before adjustments	3,060	11,895	24,228	1,049	71
Effects from first-time adoption of IAS 19R	-	-	-3,862	-52	-
Effect from adjustment of early retirement and partial retirement plans	-	-	-34	-	-
Balance at January 1, 2012 after adjustments	3,060	11,895	20,332	997	71
Net profit	-	-	2,824	-	-
Other comprehensive income before taxes	-	-	-674	227	132
Deferred taxes on other comprehensive income	-	-	490	-	-2
Total comprehensive income/loss	-	-	2,640	227	130
Dividends	-	-	-2,346	-	-
Share-based payment	-	-1	-	-	-
Capital increase/Issue of new shares	-	4	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Other	-	5	-	-	-
Balance at June 30, 2012	3,060	11,903	20,626	1,224	201
Balance at January 1, 2013 before adjustments	**3,063**	**12,026**	**27,977**	**530**	**234**
Effects from first-time adoption of IAS 19R	-	-	**-5,919**	**-14**	-
Effect from adjustment of early retirement and partial retirement plans	-	-	**-41**	-	-
Balance at January 1, 2013 after adjustments	**3,063**	**12,026**	**22,017**	**516**	**234**
Net profit	-	-	**3,370**	-	-
Other comprehensive income before taxes	-	-	**586**	**-527**	**228**
Deferred taxes on other comprehensive income	-	-	**-168**	-	**-2**
Total comprehensive income/loss	-	-	**3,788**	**-527**	**226**
Dividends	-	-	**-2,349**	-	-
Share-based payment	-	**1**	-	-	-
Capital Increase/Issue of new shares	**4**	**46**	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	**-12**	-	-	-
Other	-	**-29**	-	-	-
Balance at June 30, 2013	**3,067**	**12,032**	**23,456**	**-11**	**460**

1 Information related to the adjustments of the prior-year figures is disclosed in Note 1.
2 Retained earnings include items that will not be reclassified to profit or loss. Actuarial gains/losses from defined benefit pension plans amount to €5,730 million net of tax as of June 30, 2013 (December 31, 2012: €6,147 million net of tax).

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

Other reserves items that probably will be reclassified in profit/loss: Derivative financial instruments	Other reserves: Share of investments accounted for using the equity method	Treasury shares	**Equity attributable to share-holders of Daimler AG** (adjusted)[1]	Non-controlling interest (adjusted)[1]	**Total equity** (adjusted)[1]	In millions of euros
-651	-28	-	39,624	1,713	41,337	**Balance at January 1, 2012 before adjustments**
-	-	-	-3,914	-131	-4,045	Effects from first-time adoption of IAS 19R
-	-	-	-34	-	-34	Effect from adjustment of early retirement and partial retirement plans
-651	-28	-	35,676	1,582	37,258	**Balance at January 1, 2012 after adjustments**
-	-	-	2,824	166	2,990	Net profit
-412	143	-	-584	26	-558	Other comprehensive income before taxes
125	-40	-	573	-8	565	Deferred taxes on other comprehensive income
-287	103	-	2,813	184	2,997	Total comprehensive income/loss
-	-	-	-2,346	-361	-2,707	Dividends
-	-	-	-1	-	-1	Share-based payment
-	-	-	4	8	12	Capital increase/Issue of new shares
-	-	-25	-25	-	-25	Acquisition of treasury shares
-	-	25	25	-	25	Issue and disposal of treasury shares
-	-	-	5	4	9	Other
-938	75	-	36,151	1,417	37,568	**Balance at June 30, 2012**
50	**-1**	**-**	**43,879**	**1,631**	**45,510**	**Balance at January 1, 2013 before adjustments**
-	**-**	**-**	**-5,933**	**-206**	**-6,139**	Effects from first-time adoption of IAS 19R
-	**-**	**-**	**-41**	**-**	**-41**	Effect from adjustment of early retirement and partial retirement plans
50	**-1**	**-**	**37,905**	**1,425**	**39,330**	**Balance at January 1, 2013 after adjustments**
-	**-**	**-**	**3,370**	**1,777**	**5,147**	Net profit
548	**57**	**-**	**892**	**22**	**914**	Other comprehensive income before taxes
-163	**-43**	**-**	**-376**	**-13**	**-389**	Deferred taxes on other comprehensive income
385	**14**	**-**	**3,886**	**1,786**	**5,672**	Total comprehensive income/loss
-	**-**	**-**	**-2,349**	**-137**	**-2,486**	Dividends
-	**-**	**-**	**1**	**-**	**1**	Share-based payment
-	**-**	**-**	**50**	**-**	**50**	Capital Increase/Issue of new shares
-	**-**	**-24**	**-24**	**-**	**-24**	Acquisition of treasury shares
-	**-**	**24**	**24**	**-**	**24**	Issue and disposal of treasury shares
-	**-**	**-**	**-12**	**-2,442**	**-2,454**	Changes in ownership interests in subsidiaries
-	**-**	**-**	**-29**	**-12**	**-41**	Other
435	**13**	**-**	**39,452**	**620**	**40,072**	**Balance at June 30, 2013**

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

Consolidated Statement of Cash Flows (Unaudited)

5.07

In millions of euros	Consolidated Group Q1-2 2013	Consolidated Group Q1-2 2012 (adjusted)[1]	Industrial Business (unaudited additional information) Q1-2 2013	Industrial Business (unaudited additional information) Q1-2 2012 (adjusted)[1]	Daimler Financial Services (unaudited additional information) Q1-2 2013	Daimler Financial Services (unaudited additional information) Q1-2 2012 (adjusted)[1]
Profit before income taxes	5,818	4,081	5,188	3,405	630	676
Depreciation and amortization	2,153	2,022	2,141	2,011	12	11
Other non-cash expense and income	-3,277	-126	-3,307	-145	30	19
Gains/losses on disposals of assets	146	-27	146	-38	-	11
Change in operating assets and liabilities						
Inventories	-1,878	-1,785	-2,066	-1,822	188	37
Trade receivables	-516	-485	-280	-214	-236	-271
Trade payables	1,716	782	1,722	796	-6	-14
Receivables from financial services	-1,579	-1,517	103	127	-1,682	-1,644
Vehicles on operating leases	-1,298	-1,667	-161	-69	-1,137	-1,598
Other operating assets and liabilities	766	-431	257	-739	509	308
Income taxes paid	-481	-808	-313	-590	-168	-218
Cash provided by/used for operating activities	1,570	39	3,430	2,722	-1,860	-2,683
Additions to property, plant and equipment	-2,095	-2,352	-2,087	-2,344	-8	-8
Additions to intangible assets	-1,126	-862	-1,109	-856	-17	-6
Proceeds from disposals of property, plant and equipment and intangible assets	71	100	66	97	5	3
Investments in companies	-219	-574	-219	-569	-	-5
Proceeds from disposals of investments in companies	2,307	47	2,307	46	-	1
Acquisition of marketable debt securities	-4,335	-2,356	-3,951	-1,663	-384	-693
Proceeds from sales of marketable debt securities	2,632	2,137	2,312	2,026	320	111
Other	49	-55	41	-59	8	4
Cash used for investing activities	-2,716	-3,915	-2,640	-3,322	-76	-593
Change in financing liabilities	4,199	9,054	2,759	5,477	1,440	3,577
Dividends paid to shareholders of Daimler AG	-2,349	-2,346	-2,349	-2,346	-	-
Dividends paid to non-controlling interest	-52	-358	-51	-357	-1	-1
Proceeds from issuance of share capital	66	30	66	27	-	3
Acquisitions of treasury shares	-24	-25	-24	-25	-	-
Acquisitions of non-controlling interests in subsidiaries	-33	-	-33	-	-	-
Internal equity transactions	-	-	-315	-41	315	41
Cash provided by/used for financing activities	1,807	6,355	53	2,735	1,754	3,620
Effect of foreign exchange-rate changes on cash and cash equivalents	-50	39	-39	38	-11	1
Net increase/decrease in cash and cash equivalents	611	2,518	804	2,173	-193	345
Cash and cash equivalents at beginning of period	10,996	9,576	9,887	8,908	1,109	668
Cash and cash equivalents at end of period	11,607	12,094	10,691	11,081	916	1,013

1 Information related to the adjustments of the prior-year figures is disclosed in Note 1.

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

Notes to the Interim Consolidated Financial Statements (Unaudited)

1. Presentation of the Interim Consolidated Financial Statements

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

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

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

All significant intercompany accounts and transactions have been eliminated. In the opinion of the management, the interim financial statements reflect all adjustments (i.e. normal recurring adjustments) necessary for a fair presentation of the results of operations and the financial position of the Group. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or for the full fiscal year. The interim financial statements should be read in conjunction with the December 31, 2012 audited and published IFRS consolidated financial statements and notes thereto – except the subsequently discussed adjustments of the values for the prior-year period. The accounting policies applied by the Group in these interim financial statements are principally the same as those applied in the audited IFRS consolidated financial statements for the year ended December 31, 2012.

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

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

Prior-year period adjustments. In June 2011 IASB published amendments to IAS 19 “Employee Benefits”, which were endorsed by the EU in June 2012. The amendments to IAS 19 must be applied retrospectively in annual financial statements for annual periods beginning on or after January 1, 2013. Daimler has adjusted the figures reported for the previous year for effects arising from application of the amended version of IAS 19.

At Daimler, the amendments to IAS 19 lead to the following significant effects.

Pensions and similar obligations. The Group has previously used the corridor method, which is no longer permitted under the revised IAS 19. As a result, actuarial gains and losses have a direct effect on the consolidated statement of financial positions and lead to an increase in provisions for pensions and similar obligations and a reduction in equity. Going forward, the consolidated statement of income will remain free from the effects of actuarial gains and losses, which will be recognized directly in other comprehensive income. Moreover, the net interest cost approach for discounting the net pension obligation at the rate used for the measurement of the gross pension obligation will be applied. Since the net pension obligation is reduced by any plan assets, the same discount rate is assumed for discounting plan assets.

Obligations for part-time early retirement. As a result of the revised definition of termination benefits provided in IAS 19, the top-up amounts agreed in the framework of the part-time early retirement agreements now represent other long-term employee benefits. The pro-rata accumulation of top-up amounts over the relevant active service period of employees who receive part-time early retirement benefits leads to a reduction in provisions for part-time early retirement.

The following table shows the effects of the application of IAS 19 on the line items of the consolidated statement of financial position as of January 1, 2012 and December 31, 2012.

5.08

Effects of the revised IAS 19 on the consolidated statement of financial position

In millions of euros	Dec. 31, 2012	Jan. 1, 2012
Investments accounted for using the equity method	-342	-357
Other assets	-33	-37
Total equity	-6,139	-4,045
Provisions for pensions and similar obligations	8,264	4,682
Provisions for other risks	-347	-334
Balance of deferred tax assets and deferred tax liabilities	-2,153	-697

The effects on the consolidated statement of income for the second quarter and the first half of 2012 are presented in the following table:

5.09

Effects of the revised IAS 19 on the consolidated statement of income

In millions of euros	Q2 2012	Q1-2 2012
Cost of sales	21	-18
Selling expenses	-1	-2
General administrative expenses	-	-1
Share of profit/loss from investments accounted for using the equity method, net	1	1
Other financial expense, net	6	17
EBIT	27	-3
Interest result	46	92
Income taxes	-21	-27
Net profit	52	62

Diluted and undiluted earnings per share increase in the second quarter and the first half of 2012 by €0.05 and €0.06 respectively.

Table ↗ 5.10 and ↗ 5.11 show the effects on the Group's consolidated statement of financial position and consolidated statement of income, if the Group had not applied IAS 19R as of January 1, 2013.

5.10

Effects of the retention of IAS 19 on the consolidated statement of financial position

In millions of euros	June 30, 2013
Investments accounted for using the equity method	-51
Other assets	33
Total equity	5,230
Provisions for pensions and similar obligations	-7,636
Provisions for other risks	466
Balance of deferred tax assets and deferred tax liabilities	1,922

5.11

Effects of the retention IAS 19 on the consolidated statement of income

In millions of euros	Q2 2013	Q1-2 2013
EBIT	-516	-545
Interest result	-16	-33
Income taxes	34	54
Net profit	-498	-524

Diluted and undiluted earnings per share decreased by €0.47 in the second quarter of 2013 and by €0.49 in the first half of 2013.

The EBIT effect from the retention of IAS 19 mainly results from the disposal of the investment in EADS. If the corridor method had still been applied the equity investment would have been increased by the actuarial losses. As a result, this would have led to a decreased disposal result.

The changeover to the revised IAS 19 led to a review of the calculation of the pension obligations for part-time early retirement benefits. Subsequently, the obligations from the outstanding settlement amount pursuant to IAS 8.42 recorded as of December 31, 2012 and January 1, 2012 were adjusted by €58 million and €48 million, respectively. The effects on the consolidated statement of income and earnings per share in the second quarter and the first half of 2012 are not material.

Application of IFRS 13. In May 2011, IASB published IFRS 13 Fair Value Measurement, which combines the regulations for fair value measurement that were previously contained in the individual IFRSs into a single standard and replaces them with a uniform IFRS framework for measuring fair value. IFRS 13 must be applied prospectively for financial years which begin on or after January 1, 2013. The initial application of the standard does not lead to significant changes in the measurement of assets and liabilities. Changes are required in the consolidated notes, according to which the disclosures on the fair values of financial instruments and classification of financial instruments, which previously had to be made only in the year-end financial statements, now also have to be made in the interim reports. Further information is provided in Note 16.

2. Revenue

Revenue at Group level is comprised as follows:

5.12

Revenue

In millions of euros	**Q2 2013**	Q2 2012	**Q1-2 2013**	Q1-2 2012
Revenue from the sale of goods	**26,097**	25,570	**48,693**	49,417
Revenue from the rental and leasing business	**2,736**	2,425	**5,373**	4,722
Interest from the financial services business at Daimler Financial Services	**767**	793	**1,533**	1,578
Revenue from the provision of other services	**92**	96	**195**	178
	29,692	28,884	**55,794**	55,895

3. Functional costs

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

Daimler Trucks. At the end of January 2013, Daimler Trucks announced workforce adjustments as part of its goal to increase its profitability by stronger utilization of scale effects. In the administrative sector in Brazil a reduction of approximately 850 people (including Daimler Buses) is expected, for which a voluntary redundancy program has been launched in the first quarter of 2013. Furthermore, in non-productive areas in Germany a headcount reduction of approximately 800 people is planned for which a program was started in May 2013, based on socially acceptable voluntary measures.

Daimler Buses. In 2012, Daimler Buses decided to restructure some sections of its business system to improve efficiency and generate growth in order to increase the market shares for buses in Western Europe, to adapt the product portfolios to changed market requirements and to reduce cost positions. These measures also included a reduction of up to 10% of the workforce in Western Europe. The activities of Daimler Buses in North America were already restructured in 2012. In this context, the production of Orion city buses was discontinued and the workforce was scaled down by about 900 employees. In addition, further optimization measures were initiated in non-productive areas in Brazil for which the voluntary redundancy program described under Daimler Trucks was started in the first quarter of 2013.

The following table shows the expenses related to the optimization programs which have had an effect on the EBIT of the segments. Furthermore, the table shows the cash flows associated with the implementation of the programs.

5.13
Optimization programs

In millions of euros	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012
Daimler Trucks				
EBIT	-82	-	-95	-
Cash outflow	-18	-	-25	-
Daimler Buses				
EBIT	-20	-46	-24	-82
Cash outflow/inflow	5	10	-16	10

These expenses primarily relate to personnel measures and are included in the line items within the consolidated statement of income as shown in the following table.

5.14
Income and Expenses associated with optimization programs at Daimler Trucks and Daimler Buses

In millions of euros	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012
Cost of sales	-42	-15	-50	-42
Selling expenses	-12	-9	-13	-13
General administrative expenses	-31	-6	-39	-8
Research and non-capitalized development costs	-11	-6	-11	-9
Other operating expenses	-9	-10	-9	-10
Other operating income	3	-	3	-
	-102	-46	-119	-82

For the optimization programs at Daimler Trucks, the Group anticipates expenses of up to €250 million. In addition to the costs from 2012, Daimler Buses expects further expenses of up to €30 million.

The provisions recognized for the measures at Daimler Trucks amounted to €70 million as of June 30, 2013. At Daimler Buses the provisions recognized for the measures amounted to €40 million as of June 30, 2013 (€58 million as of December 31, 2012).

Cash outflows resulting from the optimization programs are expected until the end of 2017.

4. Interest income and expense

Interest income and expense are comprised as follows:

5.15
Interest income and expense

In millions of euros	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012
Interest income				
Net interest income on net defined benefit pension plan assets	1	1	1	2
Interest and similar income	34	42	104	129
	35	43	105	131
Interest expense				
Net interest expense for the net obligation from defined benefit pension plans	-89	-91	-177	-172
Interest and similar expenses	-130	-132	-269	-244
	-219	-223	-446	-416

5. Intangible assets

Intangible assets are comprised as follows:

5.16
Intangible assets

In millions of euros	June 30, 2013	Dec. 31, 2012
Goodwill	712	729
Development costs	7,297	7,160
Other intangible assets	1,202	996
	9,211	8,885

6. Property, plant and equipment

Property, plant and equipment are comprised as follows:

5.17
Property, plant and equipment

In millions of euros	June 30, 2013	Dec. 31, 2012
Land, leasehold improvements and buildings including buildings on land owned by others	6,773	6,973
Technical equipment and machinery	6,869	6,523
Other equipment, factory and office equipment	4,926	4,844
Advance payments relating to plant and equipment and construction in progress	2,252	2,259
	20,820	20,599

7. Equipment on operating leases

At June 30, 2013, the carrying amount of equipment on operating leases amounted to €27,179 million (December 31, 2012: €26,058 million). In the six months ended June 30, 2013, additions and disposals amounted to €7,491 million and €4,163 million respectively (2012: €6,652 million and €3,402 million). Depreciation for the first half of 2013 was €2,151 million (2012: €1,788 million). Other changes primarily include effects from currency translation.

8. Investments accounted for using the equity method

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

5.18

Investments accounted for using the equity method

in millions of euros	EADS	RRPSH	BBAC	BFDA	Kamaz	Others[1]	Total
June 30, 2013							
Equity interest (in %)	**-**	**50.0**	**50.0**	**50.0**	**15.0**	**-**	**-**
Equity investment	**-**	**1,433**	**714**	**313**	**162**	**285**	**2,907**
Equity result (Q2 2013)[2]	**3,363**	**12**	**11**	**-6**	**2**	**-59**	**3,323**
Equity result (Q1-2 2013)[2]	**3,397**	**-6**	**31**	**-23**	**7**	**-81**	**3,325**
December 31, 2012							
Equity interest (in %)	14.9	50.0	50.0	50.0	15.0	-	-
Equity investment	1,388	1,549	510	328	165	364	4,304
Equity result (Q2 2012)[2]	17	4	36	-	5	-25	37
Equity result (Q1-2 2012)[2]	150	13	24	-	12	-64	135

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

EADS. On March 27, 2013 the Extraordinary Shareholders' Meeting of EADS approved the new management and shareholder structure. Subsequently, the shareholders' pact concluded in the year 2000 was dissolved and replaced with a new shareholders' pact without the participation of Daimler on April 2, 2013. At the same time, EADS shares which were previously held by Daimler but were economically allocable to the Dedalus investors were transferred to the Dedalus investors. With the dissolution of the previous shareholders' pact, Daimler lost its significant influence on EADS. As a result of the loss of significant influence and the transfer of the EADS shares, on April 2, 2013, the EADS shares were remeasured through profit or loss at the higher current stock-market price of EADS shares. Overall, this resulted in an income of €3,356 million, which was recognized in Group EBIT in the second quarter of 2013. Of that amount, €1,669 million is allocable to Daimler shareholders and €1,687 million is allocable to the Dedalus investors. The income of €3,356 million was disclosed within investments accounted for using the equity method and is therefore solely a book gain with no impact on cash. Furthermore, in addition to the measurement using the equity method from the first quarter of 2013 (€34 million), income of €7 million was recognized.

On April 16, 2013, the Group announced that it would sell its remaining stake of approximately 7.4% in EADS through an accelerated placement procedure. The sale, which took place on April 17, 2013 at an offer price of €37 per EADS share, led to additional expenses of €184 million in Group EBIT in the second quarter of 2013. The additional expenses are disclosed within other financial expenses, net and resulted from the decrease in the EADS share price since April 2, 2013. The sale generated a cash inflow of €2,239 million in the second quarter of 2013. Following conclusion of the transaction, Daimler no longer holds any shares in EADS. Moreover, the Group has entered into cash-settled contracts with both Goldman Sachs and Morgan Stanley, which will allow a limited upside participation in the EADS share price until the end of 2013. This resulted in an income of €30 million disclosed within other financial expenses, net for the second quarter of 2013.

Rolls-Royce Power Systems Holding (formerly Engine Holding). The control and profit transfer agreement with Tognum AG was entered in the commercial register on December 19, 2012. On January 1, 2013, Rolls-Royce Holdings plc. (Rolls-Royce) assumed, as contractually agreed, control over Rolls-Royce Power Systems Holding GmbH (RRPSH) and RRPSH is included as a subsidiary in the consolidated financial statements of Rolls-Royce.

The decision of the regional court of Frankfurt am Main as of November 15, 2011 to transfer Tognum AG shares which are not already owned by RRPSH in return for compensation (squeeze-out under takeover law) took effect in March 2013 and RRPSH has held 100% of Tognum's shares since then.

The objections against the decision were withdrawn because the appeals' representatives and RRPSH agreed to an out-of-court settlement. The minority shareholders of Tognum AG, whose shares were transferred to RRPSH in the context of the squeeze-out under takeover law, and the former shareholders of Tognum AG, who accepted the compensation of the control and profit and loss transfer agreement effective December 19, 2012, received compensation of €31.61 per share according to the out-of-court settlement.

Engine Holding GmbH was renamed as Rolls-Royce Power Systems Holding GmbH. This was entered in the commercial register on May 21, 2013.

BBAC. The investment and the proportionate share in the results of Beijing Benz Automotive Co., Ltd. (BBAC) are allocated to the Mercedes-Benz Cars segment. In the second quarter of 2013, Daimler participated in a capital increase and made a payment of approximately €160 million. The Chinese partner took part in the same amount.

9. Receivables from financial services

Receivables from financial services are shown in the following table:

5.19
Receivables from financial services

In millions of euros	Current	Non-current	June 30, 2013 Total	Current	Non-current	December 31, 2012 Total
Receivables from						
Retail	13,248	25,487	38,735	13,289	25,379	38,668
Wholesale	9,203	1,689	10,892	8,995	1,687	10,682
Other	88	476	564	102	546	648
Gross carrying amount	22,539	27,652	50,191	22,386	27,612	49,998
Allowances for doubtful accounts	-419	-520	-939	-388	-550	-938
Carrying amount, net	22,120	27,132	49,252	21,998	27,062	49,060

10. Inventories

Inventories are comprised as follows:

5.20
Inventories

In millions of euros	June 30, 2013	Dec. 31, 2012
Raw materials and manufacturing supplies	2,188	2,137
Work in progress	2,597	2,292
Finished goods, parts and products held for resale	14,353	13,235
Advance payments to suppliers	108	56
	19,246	17,720

11. Equity

Employee share purchase plan. In the first six months of 2013, 0.5 million Daimler shares were purchased and reissued to employees in connection with an employee share purchase plan.

Dividend. The Annual Shareholders' Meeting held on April 10, 2013 authorized Daimler to distribute a dividend of €2,349 million (€2.20 per share) from Daimler AG's distributable profit for 2012. The dividend was paid out on April 11, 2013.

12. Pensions and similar obligations

Pension cost. The components of pension cost included in the consolidated statement of income are as shown in tables ↗ 5.21 and ↗ 5.22.

Contributions to plan assets. In the second quarter respectively in the first half year, contributions to the Group's pension plans were €66 million and € 84 million (2012: €133 million and 184 million).

5.21
Pension cost for the three-month periods ended June 30

In millions of euros	Total	German plans	Q2 2013 Non-German plans	Total	German plans	Q2 2012 Non-German plans
Current service cost	-136	-112	-24	-96	-76	-20
Curtailments and settlements	-	-	-	-2	-	-2
Net interest expense	-74	-66	-8	-67	-58	-9
Net interest income	1	-	1	1	-	1
	-209	-178	-31	-164	-134	-30

5.22
Pension cost for the six-month periods ended June 30

In millions of euros	Total	German plans	Q1-2 2013 Non-German plans	Total	German plans	Q1-2 2012 Non-German plans
Current service cost	-271	-224	-47	-193	-151	-42
Curtailments and settlements	-	-	-	-2	-	-2
Net interest expense	-149	-132	-17	-135	-116	-19
Net interest income	1	-	1	2	-	2
	-419	-356	-63	-328	-267	-61

13. Provisions for other risks

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

5.23
Provisions for other risks

In millions of euros	Current	Non-current	June 30, 2013 Total	Current	Non-current	December 31, 2012 Total
Product warranties	2,242	2,676	4,918	2,562	2,528	5,090
Personnel and social costs	1,036	1,569	2,605	1,302	1,356	2,658
Other	2,635	1,228	3,863	2,428	1,266	3,694
	5,913	5,473	11,386	6,292	5,150	11,442

14. Financing liabilities

Financing liabilities are comprised as follows:

5.24
Financing liabilities

In millions of euros	Current	Non-current	June 30, 2013 Total	Current	Non-current	December 31, 2012 Total
Notes/bonds	10,577	27,955	38,532	7,770	27,926	35,696
Commercial paper	1,512	-	1,512	1,768	-	1,768
Liabilities to financial institutions	10,974	8,738	19,712	11,629	8,581	20,210
Deposits in the direct banking business	7,923	4,091	12,014	8,481	3,640	12,121
Liabilities from ABS transactions	2,325	2,934	5,259	2,505	2,644	5,149
Liabilities from finance leases	38	298	336	55	320	375
Loans, other financing liabilities	672	358	1,030	703	229	932
	34,021	44,374	78,395	32,911	43,340	76,251

15. Legal proceedings

As previously reported, the term of the Deferred Prosecution Agreements was extended until December 31, 2012. On December 31, 2012, both deferred-prosecution agreements expired and the Honorable Louis J. Freeh completed his role as post-settlement monitor as planned on April 1, 2013.

On August 17, 2009, the Official Committee of Unsecured Creditors of OldCarCo LLC (formerly Chrysler LLC) filed a lawsuit with the United States Bankruptcy Court, Southern District of New York, against Daimler AG, Daimler North America Corporation and others. The Committee which has meanwhile been replaced with the Liquidation Trust, claimed unspecified damages based on theories of constructive fraudulent transfer and other legal theories, alleging that the consideration received in certain transactions effected in connection with the investment by Cerberus in Chrysler LLC was not fair consideration. Daimler had successfully submitted miscellaneous legal defense arguments, so that the Bankruptcy Court dismissed all claims with prejudice as of May 12, 2011. The appeal of the Liquidation Trust led to a confirmation of the Bankruptcy Court's decision by the United States District Court of the Southern District of New York. A second appeal by the Liquidation Trust to the United States Court of Appeals for the Second Circuit, New York on December 19, 2011 was unsuccessful. On January 30, 2013, the US Court of Appeals unanimously affirmed the judgment of the Bankruptcy Court. The decision is now final.

16. 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 on the market.

5.25

Carrying amounts and fair values of financial instruments

In millions of euros	Carrying amount	June 30, 2013 Fair Value	Carrying amount	December 31, 2012 Fair Value
Financial assets				
Receivables from financial services	49,252	49,737	49,060	49,722
Trade receivables	7,884	7,884	7,543	7,543
Cash and cash equivalents	11,607	11,607	10,996	10,996
Marketable debt securities				
Available for sale financial instruments	7,263	7,263	5,598	5,598
Other financial assets				
Available for sale financial assets[1]	2,229	2,229	2,031	2,031
Financial assets recognized at fair value through profit or loss	368	368	341	341
Derivative financial instruments used in hedge accounting	1,236	1,236	1,364	1,364
Other receivables and assets	2,285	2,285	2,224	2,224
	82,124	82,609	79,157	79,819
Financial liabilities				
Financing liabilities	78,395	79,566	76,251	77,661
Trade payables	10,381	10,381	8,832	8,832
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	272	272	253	253
Derivative financial instruments used in hedge accounting	582	582	620	620
Miscellaneous other financial liabilities	7,146	7,146	7,576	7,576
	96,776	97,947	93,532	94,942

1 Includes equity interests measured at cost whose fair value cannot be determined with sufficient reliability (June 30, 2013: €573 million; December 31, 2012: €591 million).

The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date. 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 June 30. Otherwise, the fair value measurement of these debt and equity instruments is based on inputs that are either directly or indirectly observable on active markets. Equity instruments measured at fair value predominantly comprise the investments in Renault and Nissan.
- equity interests measured at cost; for these financial instruments, fair values could not be determined 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 June 30, 2013.

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 in consideration of forward premiums and discounts.

Financial assets recognized at fair value through profit or loss also include the option held by Daimler to sell shares in RRPSH to Rolls-Royce.

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 of 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 basis of net exposure).

Table ↗ 5.26 provides an overview of the classification of financial assets and liabilities measured at fair value in the fair value hierarchy.

5.26
Fair value hierarchy of financial assets and liabilities measured at fair value

	June 30, 2013				December 31, 2012			
In millions of euros	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	8,919	6,088	2,831	-	7,038	3,902	3,136	-
Financial assets recognized at fair value through profit or loss	368	-	219	149	341	-	163	178
Derivative financial instruments used in hedge accounting	1,236	-	1,236	-	1,364	-	1,364	-
	10,523	6,088	4,286	149	8,743	3,902	4,663	178
Liabilities measured at fair value								
Financial liabilities recognized at fair value through profit or loss	272	-	272	-	253	-	253	-
Derivative financial instruments used in hedge accounting	582	-	582	-	620	-	620	-
	854	-	854	-	873	-	873	-

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.

5.27

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

In millions of euros	2013
Balance at January 1	178
Losses recognized in other financial income/ expense, net	-29
Balance at June 30	**149**
Losses of period relating to financial assets held at June 30	-29

The financial assets shown as classified as Level 3 and presented in the table ↗ 5.26 consist solely of Daimler's option to sell the shares it holds in RRPSH to Rolls-Royce.

The fair value measurement for the RRPSH put option will be carried out on the basis of a binomial model, with measurement on a quarterly basis. In the course of the valuation process, the required market data will be collected and the non-observable parameters will be examined and updated as required on the basis of the internally available current information. In particular, the premises of the company value of RRPSH determined using the discounted cash flow method will be validated in each quarter. The results of the measurement of the RRPSH put option, as well as any significant changes in the input parameters and their respective effects on the value of the option, will be reported to management on a quarterly basis.

5.28

Information relating to fair value measurement of financial assets and liabilities using unobservable input parameters (Level 3)

Description	Unobservable input parameters	Value of unobservable input parameters
Measurement of fair value of the RRPSH put option	Expected volatility of company value of RRPSH	25% p.a.
Determination of company value of RRPSH	Expected revenue growth of RRPSH	2% - 12% p.a.
Determination of company value of RRPSH	Weighted average cost of capital rate of RRPSH	9% - 10% p.a

Parameters with a significant influence on the measurement of the option are the value of RRPSH as determined with the use of a discounted cash flow method and the expected volatility of that value. A sensitivity analysis shows that a 10% increase in the value of RRPSH would lead to a reduction in the value of the option of €33 million. On the other hand, a 10% decrease in the value of RRPSH would increase the value of the option by €44 million. A 10% increase in the expected volatility of the value of RRPSH would lead to an increase in the value of the option of €38 million. However, a 10% decrease in the expected volatility of the value of RRPSH would reduce the value of the option by €36 million.

17. Segment reporting

Segment information for the three-month periods ended June 30, 2013 and June 30, 2012 is as follows:

5.29
Segment reporting for the three-months periods ended June 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Recon-ciliation	Daimler Group
Q2 2013								
Revenue	15,691	7,398	2,338	921	3,344	29,692	-	29,692
Intersegment revenue	633	567	96	13	204	1,513	-1,513	-
Total revenue	16,324	7,965	2,434	934	3,548	31,205	-1,513	29,692
Segment profit (EBIT)	1,041	434	204	27	319	2,025	3,217	5,242
Thereof share of profit/loss from investments accounted for using the equity method	-47	10	1	-	-6	-42	3,365	3,323
Thereof income and expense from compounding of provisions and changes in discount rates	12	2	-	-1	-	13	-	13

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Recon-ciliation	Daimler Group
Q2 2012								
Revenue	14,945	7,559	2,278	1,011	3,091	28,884	-	28,884
Intersegment revenue	419	570	142	5	169	1,305	-1,305	-
Total revenue	15,364	8,129	2,420	1,016	3,260	30,189	-1,305	28,884
Segment profit (EBIT)	1,337	524	200	-59	338	2,340	-72	2,268
Thereof share of profit/loss from investments accounted for using the equity method	18	11	-4	-	-5	20	17	37
Thereof expenses from compounding of provisions and changes in discount rates	-46	-18	-6	-4	-	-74	-3	-77

Segment information for the six-month periods ended June 30, 2013 and June 30, 2012 is as follows:

5.30

Segment reporting for the six-month periods ended June 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Recon-ciliation	Daimler Group
Q1-2 2013								
Revenue	29,247	13,932	4,247	1,658	6,710	55,794	-	55,794
Intersegment revenue	1,187	1,057	173	27	415	2,859	-2,859	-
Total revenue	30,434	14,989	4,420	1,685	7,125	58,653	-2,859	55,794
Segment profit (EBIT)	1,501	550	285	-4	633	2,965	3,194	6,159
Thereof share of profit/loss from investments accounted for using the equity method	-44	-18	1	-	-12	-73	3,398	3,325
Thereof expenses from compounding of provisions and changes in discount rates	-18	-8	-3	-2	-	-31	-3	-34

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Recon-ciliation	Daimler Group
Q1-2 2012								
Revenue	29,345	14,467	4,291	1,733	6,059	55,895	-	55,895
Intersegment revenue	956	1,045	217	13	341	2,572	-2,572	-
Total revenue	30,301	15,512	4,508	1,746	6,400	58,467	-2,572	55,895
Segment profit (EBIT)	2,567	900	367	-164	682	4,352	14	4,366
Thereof share of profit/loss from investments accounted for using the equity method	-28	31	-7	-	-11	-15	150	135
Thereof expenses from compounding of provisions and changes in discount rates	-148	-51	-22	-7	-2	-230	-17	-247

Reconciliation. Reconciliation of the total segments' profit (EBIT) to profit before income taxes is as shown in table ↗ 5.31.

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

5.31
Reconciliation of the total segments' profit (EBIT)

In millions of euros	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012
Total segments' profit (EBIT)	2,025	2,340	2,965	4,352
Share of profit from investments accounted for using the equity method [1]	3,365	17	3,398	150
Other corporate items	-176	-76	-266	-111
Eliminations	28	-13	62	-25
Group EBIT	5,242	2,268	6,159	4,366
Interest income	35	43	105	131
Interest expense	-219	-223	-446	-416
Profit before income taxes	5,058	2,088	5,818	4,081

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

18. Related party relationships

Associated companies and joint ventures. Most of the goods and services supplied within the ordinary course of business between the Group and related parties comprise transactions with associated companies and joint ventures and are included in table ↗ 5.32.

A large proportion of the sales and purchases of goods and services with associated companies results from business relations with MBtech Group GmbH & Co. KGaA (MBtech Group), Rolls-Royce Power Systems Holding GmbH (RRPSH) and/or Tognum AG (Tognum), which is a subsidiary of RRPSH.

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 ↗ 5.32 (€110 million as of June 30, 2013 and as of December 31, 2012).

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

To enable the Group to fully exploit the huge growth potential of the Chinese market and to intensify the cooperation with its local partner, Beijing Automotive Group Co., Ltd., Daimler already contributed additional equity of €0.2 billion to the joint venture BBAC in the second quarter of 2013. In addition, Daimler plans to contribute further equity of €0.2 billion to the joint venture. Additional funds needed by BBAC to fund its investments will be directly raised on the capital markets by BBAC.

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 approximately €0.6 billion in BAIC Motor. BAIC Motor is the passenger car unit of BAIC Group, one of the leading automotive companies in China. The investment will take place through the issuance of new shares to Daimler representing a 12% stake in BAIC Motor. Daimler's shareholding in BAIC Motor is subject to the approval of the relevant authorities. The approvals for the closing of the transaction will require approximately nine months. The agreement includes the stipulation that Daimler will receive two seats on the board of directors of BAIC Motor. Furthermore, the two companies agreed that BAIC Motor will increase its stake in BBAC by 1% to 51%. At the same time, Daimler will increase its stake in the integrated sales joint venture Beijing Mercedes-Benz Sales Service Co., Ltd. by 1% to 51%.

In December 2011, the joint venture company Beijing Foton Daimler Automotive Co., Ltd. (BFDA) was established by Daimler and the Chinese truck manufacturer Beiqi Foton Motor Co., Ltd. Daimler committed to making a cash contribution to the joint venture company and to establishing the production of a truck engine at BFDA. In 2012, capital of €344 million was injected.

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 the first quarter of 2013, a new Research & Development center of Mercedes-Benz Vans was opened in China. A total of approximately € 60 million was invested in the new center.

The joint ventures Mercedes-Benz Trucks Vostok OAO and Fuso Kamaz Trucks Rus Ltd., which have been established with Kamaz OAO, another of the Group's associates, produce and distribute trucks of the Mercedes-Benz and Fuso brands in Russia. Furthermore, buses of the Mercedes-Benz and Setra brands are sold in Russia. As part of their strategic partnership, Daimler and Russian truck manufacturer Kamaz signed a contract in November 2012 covering the supply of engines and axles for the Russian company's trucks and buses. In this way, the Group plans to expand its component network in Russia.

5.32

Related party relationships

In millions of euros	Sales of goods and services and other income				Purchases of goods and services and other expense			
	Q2 2013	Q2 2012	**Q1-2 2013**	Q1-2 2012	**Q2 2013**	Q2 2012	**Q1-2 2013**	Q1-2 2012
Associated companies	**118**	219	**300**	405	**108**	143	**191**	182
Joint ventures	**571**	724	**1,122**	1,416	**46**	69	**80**	137

In millions of euros	Receivables		Payables	
	June 30, 2013	Dec. 31, 2012	**June 30, 2013**	Dec. 31, 2012
Associated companies	**143**	212	**31**	69
Joint ventures	**630**	627	**13**	21

Responsibility Statement

in accordance with Section 37y of the WpHG (German Securities Trading Act)
in conjunction with Section 37w (2) No. 3 of the WpHG

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Stuttgart, July 23, 2013

Dieter Zetsche	Wolfgang Bernhard
Christine Hohmann-Dennhardt	Wilfried Porth
Andreas Renschler	Hubertus Troska
Bodo Uebber	Thomas Weber

Auditor's Review Report

To the Supervisory Board of Daimler AG

We have reviewed the condensed interim consolidated financial statements of Daimler AG, Stuttgart, comprising - the consolidated statement of income/loss, consolidated statement of comprehensive income/loss, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected, explanatory notes – together with the interim group management report of Daimler AG, Stuttgart, for the period from January 1 to June 30, 2013, that are part of the semi annual report according to § 37 w WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and additional application of the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Stuttgart, July 23, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Becker	Meyer
Wirtschaftsprüfer	Wirtschaftsprüfer

Addresses | Information

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

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

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 Q2 2013
July 24, 2013

Interim Report Q3 2013
October 24, 2013

Annual Press Conference and Investors' and Analysts' Conference Call
February 6, 2014

Annual Meeting 2014
Messe Berlin
April 9, 2014

Interim Report Q1 2014
April 30, 2014

Interim Report Q2 2014
July 23, 2014

Interim Report Q3 2014
October 23, 2014

As changes to the above dates cannot be ruled out, we recommend checking on the Internet shortly before each scheduled date at www.daimer.com/ir/calendar.

Daimler AG
Mercedesstr. 137
70327 Stuttgart, Germany
www.daimler.com
www.daimler.mobi