

Daimler Finance North America LLC

Interim Report as of and for the six months ended June 30, 2012

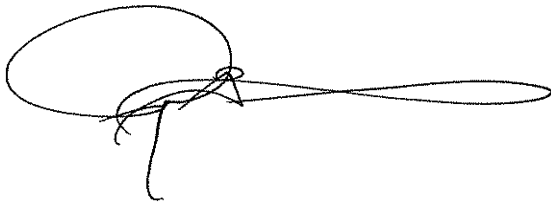
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Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the interim financial statements of Daimler Finance North America LLC give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the company's interim management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Montvale, August 16, 2012

A handwritten signature in black ink, consisting of a large, loopy initial 'R' followed by a long, horizontal stroke that tapers to the right.

Ruben Simmons
President & CEO

A handwritten signature in black ink, starting with the name 'Birger' in a cursive script, followed by a stylized 'O' and a long horizontal line.

Birger Ostermann
Chief Accounting Officer

Interim Management Report

General

Daimler Finance North America LLC (“DFNA” or the “Company”) is a wholly-owned subsidiary of Daimler North America Corporation (“DNA”), which is in turn a wholly-owned subsidiary of Daimler AG (“DAG” or “Daimler”).

DFNA accesses U.S. and foreign capital markets to raise funds, which it lends to DNA through a consolidated funding and cash management system. As such, it has relationships with other subsidiaries of DAG. DAG has issued full and unconditional guarantees for DFNA’s obligations incurred under its outstanding notes and bonds and commercial paper programs. DFNA and DNA have entered into an intercompany loan agreement which is intended to mirror DFNA’s external borrowings such that interest expense with third parties is offset by corresponding interest income from DNA.

This document contains forward looking statements that reflect our current views about future events. Words such as “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including:

- an adverse development of global economic conditions, in particular a decline of demand and investment activity in the United States;
- a deterioration of our funding possibilities on the credit and financial markets, which could result in an increase in borrowing costs or limit our funding flexibility;
- changes in currency exchange rates and interest rates;
- changes in laws, regulations and government policies that may affect the Company or any of its sister companies; and
- the business outlook of the Company’s sister companies in the United States, which may affect the funding requirements of these companies in the automotive and financial services businesses.

The following discussion should be read in conjunction with the Company’s financial statements as of and for the six months ended June 30, 2012 and June 30, 2011, which were prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”.

Earnings

Interest Income

Interest income was \$289,823 for the six months ended June 30, 2012 compared to \$380,695 for the six months ended June 30, 2011, a 24% decrease due to lower interest rates on loans from DNA compared to 2011.

Interest Expense

Interest expense was \$289,823 for the six months ended June 30, 2012, compared to \$380,695 for the six months ended June 30, 2011, a 24% decrease due to lower interest rates from external borrowings compared to 2011.

Guarantee Fees

Guarantee fees charged by DAG were \$5,685 for the six months ended June 30, 2012, compared to \$5,304 for the six months ended June 30, 2011.

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(all amounts in thousands of U.S. dollars)

Administrative Expenses

Administrative expenses were \$766 for the six months ended June 30, 2012 as compared to \$550 for the six months ended June 30, 2011.

Reimbursement of expenses from DNA

DFNA and DNA are parties to an agreement based on which DNA reimburses DFNA for any and all expenses incurred in connection with the administration of DFNA's notes and bonds program and commercial paper program.

Net income

Net income was zero for both the six months ended June 30, 2012 and the six months ended June 30, 2011.

Financial Position

Total assets were \$15,707,823 at June 30, 2012 compared to \$14,047,024 at December 31, 2011, an increase of 12% mainly due to new additions of loans in 2012. Total liabilities also increased to \$15,707,823 at June 30, 2012 from \$14,047,024 at December 31, 2011 mainly due to new additions of notes in 2012.

Liquidity and Capital Resources

In the ordinary course of business, the Company issues notes and bonds and commercial paper in the US and foreign capital markets and lends the proceeds to DNA. Notes with a total face value of \$3,400,000 were issued during the first six months of 2012. Commercial papers of \$1,884,201 were outstanding as of June 30, 2012. The Company had neither cash nor cash equivalents as of June 30, 2012 and December 31, 2011.

Risk Report

Many factors could directly and indirectly, through the close affiliation with DAG's affiliated companies, affect the Company's business, financial condition, and cash flows. The results of operations would not be affected due to the existing reimbursement agreements with DNA. The principal risks are described in DFNA's annual report 2011, which was submitted to the Luxembourg Stock Exchange on March 29, 2012.

Outlook

We expect net income and equity to be zero in 2012. This expectation is based on the assumption of a stable economic development and continuation of the Company's business model.

Statement of Comprehensive Income (Unaudited)

	Note	Six months ended June 30,	
		2012	2011
Interest income - DNA		289,823	380,695
Interest expense – external parties		(289,823)	(380,695)
Guarantee fees - DAG	2	(5,685)	(5,304)
Net interest expense		(5,685)	(5,304)
Other financial income, net		-	-
Administrative expenses	2	(766)	(550)
Reimbursement of expenses from DNA	2	6,451	5,854
Net income		-	-
Total comprehensive income		-	-

The accompanying notes on pages 10 to 11 are an integral part of these unaudited interim financial statements.

Statement of Financial Position (Unaudited)

		June 30,	December 31,
	Note	2012	2011
Assets			
Receivables from related parties	2	12,096,717	10,315,402
Total non-current assets		12,096,717	10,315,402
Receivables from related parties	2	3,461,974	3,491,926
Accrued interest income from DNA		149,132	239,696
Total current assets		3,611,106	3,731,622
Total assets		15,707,823	14,047,024
Equity and liabilities			
Total equity		-	-
Notes and bonds payable	3	12,096,717	10,315,402
Total non-current liabilities		12,096,717	10,315,402
Payables to related parties	2	5,246	7,080
Notes and bonds payable	3	1,572,527	2,468,864
Commercial paper	3	1,884,201	1,015,982
Accrued interest expense		149,132	239,696
Total current liabilities		3,611,106	3,731,622
Total liabilities		15,707,823	14,047,024
Total equity and liabilities		15,707,823	14,047,024

The accompanying notes on pages 10 to 11 are an integral part of these unaudited interim financial statements.

Statement of Changes in Equity (Unaudited)

	Member's Investment	Retained Earnings	Other Reserves	Total Equity
Balance at January 1, 2011	-	-	-	-
Net income	-	-	-	-
Total comprehensive income	-	-	-	-
Transactions with owners directly recognized in equity	-	-	-	-
Balance at June 30, 2011	-	-	-	-
Balance at January 1, 2012	-	-	-	-
Net income	-	-	-	-
Total comprehensive income	-	-	-	-
Transactions with owners directly recognized in equity	-	-	-	-
Balance at June 30, 2012	-	-	-	-

The accompanying notes on pages 10 to 11 are an integral part of these unaudited interim financial statements.

Statement of Cash Flows (Unaudited)

	Note	Six months ended June 30,	
		2012	2011
Net income		-	-
Net increase/decrease in receivables from related parties	2	(1,807,344)	150,157
Net decrease in payables to related parties	2	(1,834)	(5,867)
Net cash used in/from operating activities		(1,809,178)	144,290
Net cash from investing activities		-	-
Repayments of notes and bonds payable	3	(2,449,425)	(2,954,409)
Issuances of notes and bonds payable	3	3,390,384	1,893,789
Change in commercial paper	4	868,219	916,330
Net cash from/used in financing activities		1,809,178	(144,290)
Net increase/decrease in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		-	-

The accompanying notes on pages 10 to 11 are an integral part of these unaudited interim financial statements.

Notes to the Unaudited Interim Financial Statements

1. Presentation of the Interim Financial Statements

These unaudited interim financial statements of Daimler Finance North America LLC (“DFNA” or the “Company”) have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”.

Daimler Finance North America LLC (“DFNA” or the “Company”) is a limited liability company organized under the laws of Delaware. The Company is a wholly-owned subsidiary of Daimler North America Corporation (“DNA”), which is in turn a wholly-owned subsidiary of Daimler AG (“DAG”). Its registered office is located at 1209 Orange Street, Wilmington, Delaware 19801, USA.

These interim financial statements are presented in U.S. dollars (“\$”), which is the Company’s functional currency. Unless otherwise stated all amounts are presented in thousands of U.S. dollars.

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 DFNA. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or the full fiscal year. The interim financial statements should be read in conjunction with the December 31, 2011 audited IFRS financial statements and notes which were submitted to the Luxembourg Stock Exchange on March 29, 2012. The accounting policies applied by DFNA in these interim financial statements are the same as those applied in the audited IFRS financial statements as of and for the year ended December 31, 2011.

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

2. Transactions with related parties

The following table sets forth amounts receivable from related parties:

	June 30, 2012	December 31, 2011
DNA	15,558,691	13,805,297
Daimler North America Finance Corporation	-	2,031
Total	15,558,691	13,807,328

The following table sets forth amounts payable to related parties:

	June 30, 2012	December 31, 2011
DAG	4,765	7,080
Daimler North America Finance Corporation	481	-
Total	5,246	7,080

DFNA is charged fees for the full and unconditional guarantees on its outstanding notes and bonds and commercial paper programs by DAG. These fees are calculated as a set percentage of the outstanding notes and bonds and commercial paper for any given year. These guarantee fees were \$5,685 and \$5,304 for the six months ended June 30, 2012 and June 30, 2011, respectively.

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The Company is charged for administrative overhead expense by DNA. These expenses were \$766 and \$550 for the six months ended June 30, 2012 and June 30, 2011, respectively.

DFNA and DNA are also parties to agreements pursuant to which DNA reimburses DFNA for any and all expenses incurred in connection with the administration of DFNA's notes and bonds and commercial paper programs. These reimbursements are recognized in income.

There are no related party transactions with key management personnel as defined in IAS 24.

3. Notes and bonds payable

DFNA's obligations under the notes and bonds program are fully and unconditionally guaranteed by its ultimate parent company, DAG. Simultaneously, DFNA and DNA entered into an agreement according to which DNA reimburses DFNA for any and all fees incurred by DFNA in the course of the administration of the program.

During the first six months of 2012, \$2,449,425 of notes and bonds payable matured.

Terms and conditions of new notes payable issued during the first six months of 2012 are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
US-Dollar Medium Term Notes					
Medium Term Note	USD	Libor+1.33%	2013	400,000	399,656
Medium Term Note	USD	Libor+0.78%	2014	600,000	599,200
Medium Term Note	USD	2.300%	2015	650,000	648,201
Medium Term Note	USD	1.746%	2015	650,000	648,439
Medium Term Note	USD	2.950%	2017	600,000	597,396
Medium Term Note	USD	2.480%	2017	500,000	498,487
Total				3,400,000	3,391,379

4. Commercial paper

In February 2011, DFNA entered into a \$3,000,000 private placement of commercial paper. As of June 30, 2012, \$1,884,201 commercial papers were outstanding with interest rates ranging from 0.37% to 0.80% and maturity dates ranging from July 2, 2012 to June 5, 2013. DFNA's obligations under the commercial paper program are fully and unconditionally guaranteed by its ultimate parent company, DAG.