

Name der Gesellschaft / Name of the company	Sitz / Location	Land / Country		Kapitalanteil / Ownership Interest ⁵	Stimmrechte / Voting Rights ⁶
Reva SAS	Cunac	Frankreich	France	34,00%	
RMC Reliability Technology GmbH	Sindelfingen	Deutschland	Germany	100,00%	
smart-Brabus GmbH ¹	Botrop	Deutschland	Germany	50,00%	
Societe Socovoi S.A.	Le Port	Réunion	Réunion	15,00%	
Star Transmission Cugir SRL ¹	Cugir	Rumänien	Romania	55,94%	
STARCAM s.r.o. ¹	Most	Tschechien	Czech Rep.	51,00%	
STARKOM d.o.o. ¹	Maribor	Slowenien	Slovenia	51,00%	
Toyo Kotsu Co., Ltd.	Kurokawa-gun	Japan	Japan	28,20%	
Wohnbau Gaggenau GmbH	Gaggenau	Deutschland	Germany	50,00%	

¹ Gemeinschaftsunternehmen / Joint Venture² Zweckgesellschaft / Special Purpose Entity³ In Liquidation / in liquidation⁴ Wegen ihrer insgesamt untergeordneten Bedeutung für den Konzernabschluss werden diese Unternehmen nicht konsolidiert bzw. nicht at equity bewertet. As the impact of these companies is not material for group financial statements, they were not accounted for using the equity method of accounting and respectively consolidated.⁵ Beteiligung gemäß § 16 AktG / Share capital according to § 16 AktG⁶ Ausweis, wenn Stimmrechte vom Kapitalanteil abweichen. / Disclosure, if voting rights differ from the ownership interest.⁷ Beherrschender Einfluss / dominant influence

Daimler AG

Annual Financial Statements 2009

The Management Report of Daimler AG is combined with the Group Management Report in accordance with Section 315 (3) of the German Commercial Code (HGB) and published in the Group Annual Report 2009.

The Annual Financial Statements and the summarized Management Report of Daimler AG for the year 2009 are filed with the operator of the electronic version of the German Federal Gazette and published in the electronic version of the German Federal Gazette.

The Annual Financial Statements of Daimler AG and the Group Annual Report 2009 can be found in the "Investor Relations" section of our website (www.daimler.com/ir/reports).

Balance Sheet

of Daimler AG

ASSETS

€ in million	Notes	12/31/2009	12/31/2008
Fixed assets			
Intangible assets	(1)	231	148
Property, plant and equipment incl. equipment on operating leases	(2)	7,430	9,448
Financial assets	(3)	37,787	37,454
		45,448	47,050
Non-fixed assets			
Inventories	(4)	4,872	6,033
Trade receivables	(5)	1,449	2,024
Receivables from affiliated companies	(5)	13,095	10,182
Other receivables and other assets	(5)	1,543	1,993
Securities	(6)	4,754	230
Cash and cash equivalents	(7)	2,251	772
		27,964	21,234
Prepaid expenses		53	93
		73,465	68,377
EQUITY AND LIABILITIES			
€ in million	Notes	12/31/2009	12/31/2008
Equity			
Share capital	(8a)	3,045	2,768
(conditional capital € 415 million)			
Capital reserves	(8b)	11,123	14,204
Retained earnings	(8c)	5,721	5,396
Unappropriated profit	(8d)	-	556
		19,889	22,924
Provisions			
Provisions for pensions and similar obligations	(9)	12,981	12,658
Other provisions	(10)	11,204	10,905
		24,185	23,563
Liabilities			
Trade liabilities	(11)	3,118	3,431
Liabilities due to affiliated companies	(11)	18,576	13,247

€ in million	Notes	12/31/2009	12/31/2008
Other liabilities	(11)	5,885	4,899
		27,579	21,577
Deferred income	(12)	1,812	313
		73,465	68,377

Income Statement of Daimler AG

€ in million	Notes	2009	2008
Revenues	(13)	47,177	63,682
Cost of sales	(14)	(44,503)	(57,064)
Gross profit		2,674	6,618
Selling expenses	(14)	(4,389)	(5,553)
General administrative expenses	(14)	(2,178)	(2,573)
Other operating income	(15)	1,118	1,353
Other operating expenses	(16)	(1,186)	(1,359)
Result from investments in affiliated and related companies	(17)	955	2,523
Interest income	(18)	(467)	127
Other financial income	(19)	(891)	(1,291)
Income from ordinary activities		(4,364)	(155)
Income taxes	(20)	(401)	(177)
Net loss	(21)	(4,765)	(332)
Profit carried forward		-	100
Transfer from retained earnings		-	788
Transfer from capital reserves		4,765	-
Unappropriated profit		-	556

Notes to the Financial Statements of Daimler AG

Accounting policies and methods

The financial statements of Daimler AG have been prepared in accordance with the accounting principles of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG); the amounts shown are in millions of euros (€) and the comparable figures for the year ended December 31, 2008 are also shown. The items summarized in the balance sheet and the income statement are listed individually and explained in these notes.

For the sake of clarity, the system of presentation has been modified in accordance with Section 266 of the HGB. Other receivables and other assets comprise receivables from related companies and other assets. Other provisions comprise provisions for taxes and other provisions. Other liabilities comprise liabilities to related companies, loans and bonds, liabilities to banks and other liabilities. No use was made of the possibility to net off liabilities to subsidiaries from the transfer of losses with receivables.

The income statement has been prepared according to the internationally predominant cost-of-sales method. The system of presentation according to Section 275 of the HGB has been modified to improve clarity with regard to financial activities. Financial activities are presented as income from investments in affiliated and related companies, interest income and other financial income.

Recognition and measurement

Intangible assets are measured at cost of acquisition, reduced by systematic straight-line amortization. Most of them have a useful life between 3 and 30 years.

Property, plant and equipment are measured at cost of acquisition or production, reduced by systematic depreciation.

The production costs of self-constructed assets comprise individual items as well as prorated material and production overheads, including depreciation, to the extent that they are caused by the production process.

Systematic depreciation for technical equipment and machinery, other equipment and operating and office equipment is usually based on a useful life of 3 to 10 years. Correspondingly shorter periods apply for equipment used in multiple shifts.

Movable fixed assets which have been recognized before January 1, 2008, are generally depreciated using the declining-balance method. The method of depreciation is changed from declining-balance to straight-line as soon as the equal distribution of the carrying value over the remaining useful life leads to higher depreciation amounts. Movable fixed assets, which have been recognized after January 1, 2008, are depreciated using the straight-line method. In general, the maximum depreciation rates permitted for tax purposes are applied. Impairments are recognized if an asset has to be measured at a lower value.

From January 1, 2008 low-value assets up to costs of 150 € are written off immediately. For assets with costs of 150 € to 1,000 €, recognized from January 1, 2008, a collective item is built which is depreciated straight-line 20 % p.a.

Leased assets are measured at cost of acquisition or production and systematically depreciated. Systematic depreciation is based on a useful life of 3 to 21 years. Leased assets, which have been recognized after January 1, 2008, are reduced by systematic depreciation using the straight-line method. Depending on the various lessees, leased assets, which have been recognized before January 1, 2008, are depreciated using the straight-line method or the declining-balance method. The method of depreciation is changed from declining-balance to straight-line as soon as the equal distribution of the carrying value over the remaining useful life leads to higher depreciation amounts.

Shares in affiliated, related companies and other financial assets are measured at cost of acquisition, or, if there is an indication of permanent impairment, at the lower fair value. Loans bearing low interest or no interest are measured at their present value.

For the sake of better clarity, we have supplemented the statement of non-current assets with the item of leased assets under property, plant and equipment and with the item of special asset Pension Trust under financial assets.

Raw materials, manufacturing supplies and goods are measured at the lower of cost of acquisition or fair value, unfinished and finished products are measured at cost of production. Cost of production comprises direct material and labor as well as the prorated material and production overheads, including depreciation, to the extent that they are caused by the production process. Impairments for inventory risks are recognized to an appropriate extent. The principle of loss-free valuation is applied in accordance with applicable tax regulations.

Receivables and other assets are measured at their nominal values with consideration of all recognizable risks. If they have a remaining maturity of more than one year and are non-interest bearing, they are discounted to their present value on the balance sheet date. General allowances are recognized for doubtful accounts.

Securities are measured at the lower of cost of acquisition or fair value on the balance sheet date.

Expenditures prior to the balance sheet date that represent expenses for a specific period after that date are reported as prepaid expenses.

Provisions for pensions and similar obligations are measured with the use of the projected unit credit method. This method has been used for the measurement of pension obligations in accordance with IFRS (IAS 19), i.e. in accordance with the accounting method applied for the consolidated financial statements, and leads to a higher amount than the method according to Section 6a of the German Income Tax Act. When using the projected unit credit method, the obligation at the balance sheet date is recognized in accordance with the expected claims with consideration of expected future increases in wages and salaries.

Provisions for taxes and other provisions are calculated in accordance with the principle of reasonable commercial judgment.

Derivative financial transactions (especially currency futures and currency option transactions and interest rate swaps) are pooled as a unit of valuation with an underlying transaction, provided there is a direct hedging context between the financial transaction and the underlying transaction.

In these cases, the results of currency contracts concluded as foreign exchange hedges are not recognized until maturity. Financial transactions for which no units of valuation are formed are measured individually at fair value. Any resulting unrealized losses are expensed.

Liabilities are measured at their repayment amounts.

Receivables and liabilities denominated in foreign currencies are translated into euros at the exchange rate on the date of the bookkeeping entry or at the exchange rate on the balance sheet date if that is lower or higher, respectively.

Cash receipts prior to the balance sheet date that represent income for a specific period after that date are reported as deferred income.

Daimler AG recognizes revenues from sales of vehicles, spare parts, leasing and other related products. Revenue is recognized net of discounts, cash sales incentives, customer bonuses and rebates granted. For transactions with multiple deliverables, such as when vehicles are sold with free service programs, Daimler AG allocates revenue to the various elements based on their objectively and reliably determined fair values. Outstanding elements are stated as deferred income according to the group's financial statements.

Fixed Assets Schedule

€ in million	Cost of acquisition or production				Depreciation/Amortization/Write-ups	
	01/01/ 2009	Additions	Reclassi- fications	Disposals	12/31/ 2009	01/01/ 2009
Intangible assets						
Concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	304	116	3	44	379	177
Advance payments made	21	13	(1)	-	33	-
	325	129	2	44	412	177
Property, plant and equipment						
Technical equipment and machinery	10,028	482	156	153	10,513	7,868
Other equipment, factory and office equipment	7,627	625	89	203	8,138	5,636
Leased assets	7,122	1,145	-	3,104	5,163	2,225
Advance payments and construction in progress	405	391	(247)	33	516	5
	25,182	2,643	(2)	3,493	24,330	15,734
Financial assets						
Shares in affiliated companies	28,762	1,406	79	92	30,155	859
Loans to affiliated companies	333	73	-	48	358	12
Shares in related companies	1,053	78	(79)	326	726	493
Other loans	22	.	-	1	21	1
Special assets Pension Trust	9,558	82	-	48	9,592	909
	39,728	1,639	-	515	40,852	2,274
Fixed assets	65,235	4,411	-	4,052	65,594	18,185
Depreciation/Amortization/Write-ups						
€ in million	Current year	Write-ups	Reclassi- fications	Disposals	12/31/ 2009	Book value 12/31/ 2009
Intangible assets						

€ in million	Depreciation/Amortization/Write-ups				Book value	
	Current year	Write-ups	Reclassi- fications	Disposals	12/31/ 2009	12/31/ 2009
Concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	47	-	.	43	181	198
Advance payments made	-	-	-	-	-	33
	47	-	.	43	181	231
Property, plant and equipment						
Technical equipment and machinery	854	-	.	150	8,572	1,941
Other equipment, factory and office equipment	897	-	.	196	6,337	1,801
Leased assets	890	-	-	1,129	1,986	3,177
Advance payments and construction in progress	-	-	-	-	5	511
	2,641	-	.	1,475	16,900	7,430
Financial assets						
Shares in affiliated companies	78	-	61	-	998	29,157
Loans to affiliated companies	3	(7)	-	-	8	350
Shares in related companies	18	-	(61)	172	278	448
Other loans	-	.	-	1	.	21
Special assets Pension Trust	872	-	-	-	1,781	7,811
	971	(7)	-	173	3,065	37,787
Fixed assets	3,659	(7)	.	1,691	20,146	45,448
€ in million						Book value 12/31/ 2008
Intangible assets						
Concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values						127
Advance payments made						21
						148
Property, plant and equipment						
Technical equipment and machinery						2,160
Other equipment, factory and office equipment						1,991
Leased assets						4,897
Advance payments and construction in progress						400

€ in million	Book value 12/31/ 2008
	9,448
Financial assets	
Shares in affiliated companies	27,903
Loans to affiliated companies	321
Shares in related companies	560
Other loans	21
Special assets Pension Trust	8,649
	37,454
Fixed assets	47,050

Notes to the Balance Sheet

1 Intangible assets

Intangible assets of € 231 million primarily comprise acquired licenses and similar values. Systematic amortization amounted to €47 million in 2009.

2 Property, plant and equipment

Additions of € 2,643 million include € 1,145 million of leased assets. These are primarily vehicles sold with leasing contracts. Further additions consist only of movable assets. Systematic depreciation on property, plant and equipment amounted to € 2,641 million (2008: € 3,024 million). The reduction of leased assets is mainly due to leased vehicles, which are sold to Mercedes-Benz Leasing GmbH since February 1, 2009.

3 Investments and long term financial assets

Shares in affiliated and related companies increased by € 1,142 million to € 29,605 million (2008: € 28,463 million).

This increase is mainly caused by the group-internal transfer of the shares in Daimler AG & Co. Finanzanlagen OHG from Daimler Verwaltungsgesellschaft für Grundbesitz mbH to Daimler AG. The transferred company was merged on Daimler AG & Co. Wertpapierhandel OHG in 2009. Further additions are related to the acquisition of a 49.9 % share in Li-Tec Battery GmbH, a manufacturer of lithium ion battery cells for automotive applications, investments in Daimler India Commercial Vehicles Pvt. Ltd. and in Financial Services activities. Disposals mainly relate to the partial sale of shares of the McLaren Group Ltd. In the fiscal year 2009, shares in affiliated and related companies were written down by € 96 million (2008: € 227 million).

Pursuant to Section 285 of the HGB, a list of the principal holdings of Daimler AG is given below on pages 32 to 35 of the notes.

The special assets Pension Trust comprise the financial assets transferred to the Daimler Pension Trust e.V. These assets and their yields are solely used for the purpose of meeting the pension obligations.

Decreases in value of the special assets Pension Trust assessed to be persistent, have led to a write-down of € 872 million in 2009 (2008: € 909 million). After the write-down the book value of the Pension Trust assets is € 7,811 million at December 31, 2009, fair value is € 7,850 million.

The development of fixed assets is presented in the fixed assets schedule.

4 Inventories

€ in million	12/31/2009	12/31/2008
Raw material and manufacturing supplies	962	1,124
Unfinished products, unfinished services	760	885
Finished products and goods	3,187	4,070
Inventories before netting advance payments received	4,909	6,079
Advance payments received	(37)	(46)
Inventories	4,872	6,033

Finished products and goods comprise vehicles and spare parts produced both in the plants of Daimler AG and in the context of contract manufacturing. Used vehicles are also included.

5 Receivables and other assets

€ in million	12/31/2009	12/31/2008
Trade receivables	1,449	2,024
thereof more than 1 year until maturity	1	4
Receivables from affiliated companies	13,095	10,182
thereof more than 1 year until maturity	2,169	918
Receivables from related companies	151	350
thereof more than 1 year until maturity	-	-
Other assets	1,392	1,643
thereof more than 1 year until maturity	175	69
Receivables and other assets	16,087	14,199
thereof more than 1 year until maturity	2,345	991

Receivables from affiliated companies primarily consist of receivables that originally arose from invoicing within the consolidated group within the context of central financial and liquidity management (€ 11,001 million, 2008: €8,015 million), as well as from the supply of goods and services to companies of the consolidated group in Germany and abroad (€ 2,094 million, 2008: € 2,167 million). Receivables from related companies primarily comprise trade receivables that originally arose from companies of the consolidated group in Germany and abroad (€ 147 million, 2008: €349 million).

Other assets include tax-refund claims (€ 633 million, 2008: € 909 million), premiums for currency options (€ 201 million, 2008: € 144 million) and receivables to employees (€121 million, 2008: €70 million).

6 Securities

€ in million	12/31/2009	12/31/2008
Treasury shares	311	-
Other securities	4,443	230
	4,754	230

The Board of Management decided, with the consent of the Supervisory board, to use part of the treasury shares acquired in the share buyback program 2008 to meet the obligations of former AEG shareholders determined through the final verdict reached by the higher regional court in Frankfurt am Main in November 2009. These 8.35 million shares are no longer designated for the purpose of cancellation and are therefore shown on the asset side as of December 31, 2009. These shares are representing € 23.97 million of the capital stock, equivalent to 0.79 %.

The employee share purchase plan of Daimler AG was discontinued in 2009. Therefore in the financial year Daimler AG did not purchase treasury shares as a part of this program.

The increase of other securities by € 4,213 million primarily results from the increase of commercial papers. Bonds existing in the previous financial year have been sold in 2009.

7 Cash and cash equivalents

Cash and cash equivalents amounted to €2,251 million at the end of the year (2008: € 772 million) and consisted of bank balances, cash in hand and checks.

Liquidity also includes securities (€ 4,754 million, 2008: € 230 million).

8 Equity

€ in million	12/31/2009	12/31/2008
Share capital	3,045	2,768
Capital reserves	11,123	14,204
Retained earnings	5,721	5,396
Unappropriated profit	-	556
Equity	19,889	22,924

a) Share capital

€ in million	2009	2008
Share capital		
Balance at 01/01	2,768	2,766
Contribution from exercise of options	1	2
Increase in share capital	276	-
Balance at 12/31	3,045	2,768
	2009	2008
Number of shares		
Shares outstanding at 01/01	927,440,601	1,013,868,596
Reacquired but not cancelled shares from share buyback program (previous year)	37,116,831	-
Reacquired and cancelled shares from share buyback program	-	(49,808,314)
Creation of new shares by exercise of Stock option plans	218,350	497,150

	2009	2008
Creation of new shares by increase in share capital	96,408,000	-
Shares issued at 12/31	1,061,183,782	964,557,432
Reacquired but not cancelled shares from share buyback program	(37,116,831)	(37,116,831)
Shares outstanding at 12/31	1,024,066,951	927,440,601

The capital stock is allocated into no par value shares. All shares are fully paid up. Each share grants one vote at the Annual Meeting of Daimler AG and, if applicable except for new shares potentially not entitled to dividend, an equal portion of the profits as defined by the dividend distribution resolved at the Annual Meeting. Each share represents approx. € 2.87 of the capital stock.

Share buyback program.

On April 9, 2008, the Annual Meeting authorized Daimler AG to acquire, until October 9, 2009, treasury shares for certain predefined purposes, i. e. for the purpose of cancellation and to meet the subscription rights arising from stock option programs, up to 10 % of the capital stock in the amount of € 2,766 million issued as of the day of the resolution. Between June 18, 2008 and October 23, 2008, Daimler AG partly exercised the authorization by repurchasing a total of 37.28 million shares representing approx. € 107 million of the capital stock as of the time of the Annual Meeting, equivalent to approx. 3.87 %, for a total consideration of € 1,449 million. In 2008 0.17 million shares repurchased were used to meet subscription rights arising from stock option programs. 37.12 million treasury shares are still held by Daimler AG as of December 31, 2009.

Insofar as the resolution issued by the Annual Meeting on April 9, 2008 had not been utilized to acquire treasury shares, it was terminated by resolution of the Annual Meeting on April 8, 2009. Simultaneously Daimler AG was again authorized to acquire, until October 8, 2010, treasury shares for certain predefined purposes, i. e. for the purpose of cancellation and to meet subscription rights arising from stock option programs, treasury shares up to 10 % of the share capital as of date of that resolution.

Authorized and conditional capital.

By way of a resolution adopted at the Annual Meeting on April 9, 2008, the Board of Management was authorized, with the consent of the Supervisory Board, to increase Daimler AG's capital in the period until April 8, 2013 by a total of € 500 million by issuing new registered no par value shares in exchange for cash contributions and by a total of € 500 million by issuing new registered no par value shares in exchange for non-cash contributions (Authorized Capital I and II). The Board of Management was also authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions. Under partial utilization of the Authorized Capital I, the Board of Management decided, with the consent of the Supervisory Board of March 22, 2009, to increase Daimler AG's share capital of € 2,768 million by € 276 million to € 3,044 million in exchange for cash contributions, excluding any shareholders' subscription rights, by issuing 96.4 million new registered no par value shares at an issue price of € 20.27 per share to Semare Beteiligungsverwaltungsgesellschaft mbH. Semare Beteiligungsverwaltungsgesellschaft mbH is an indirect subsidiary of Aabar Investments PJSC. The capital increase became effective upon entry in the Commercial Register on March 24, 2009. The new shares are entitled to dividend for the first time for the financial year beginning on January 1, 2009.

The Annual Meeting on April 8, 2009 authorized the Board of Management again, with the consent of the Supervisory Board, to increase Daimler AG's share capital in the period until April 7, 2014 by a total of € 1,000 million in one lump sum or by separate partial amounts at different times by issuing new, registered no par value shares in exchange for cash and/or non-cash contributions (Approved Capital 2009). Among other things, the Board of Management was authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions. In this context, the Annual Meeting further resolved to cancel the former Authorized Capital I and II with effect as of the time when the new Approved Capital 2009 becomes effective, but only to the extent that it had not been utilized. The new Approved Capital 2009 and the cancellation of the remaining former Authorized Capital I and II came into effect with their entry in the Commercial Register on June 5, 2009.

By way of a resolution adopted at the Annual Meeting on April 6, 2005, the Board of Management was authorized, with the consent of the Supervisory Board, to issue convertible bonds and/or option notes with warrants with a total face value of up to € 15 billion at terms not exceeding 20 years and to grant the bearers or creditors of these bonds convertible or option rights to new Daimler shares with an allocable portion of the capital stock of up to € 300 million, in line with the specified conditions, by April 5, 2010 (Conditional Capital I). This authorization has not been exercised yet. The share capital is conditionally increased by up to € 115 million through the issue of new registered shares of the company (remaining Conditional Capital II). The remaining Conditional Capital II covers the subscription rights of stock options issued until 2004.

Stock Option Plan.

As of December 31, 2009, approx. 22 million options of the 2000 stock option plan with a nominal amount of € 64 million had not yet been exercised.

b) Capital reserves

Capital reserves

€ in million	2009	2008
Balance at 01/01	14,204	14,185
Transferred from exercise of options	7	19
Increase in share capital	1,677	-
Withdrawal to offset net loss 2009	(4,765)	-
Balance at 12/31	11,123	14,204

Capital reserves amount to € 11,123 million at the end of 2009. The net loss of the financial year was offset by a transfer from capital reserves. During 2009, € 7 million was transferred to capital reserves as a result of the exercise of share options from Stock Option Plan 2000. Increasing capital reserves result from the agio related to issuing new shares to Semare Beteiligungsverwaltungsgesellschaft mbH in connection with the utilization of authorized capital.

c) Retained earnings

Reserve for treasury shares

€ in million	2009	2008
Balance at 01/01	-	-
Reclassification from other retained earnings	325	-
Reversal from valuation of treasury shares	(14)	-
Balance at 12/31	311	-

Other retained earnings

€ in million	2009	2008
Balance at 01/01	5,396	6,188
Applied for share buyback	-	(4,160)
Transfer decision of the Annual Meeting 2008 for 2007	-	4,156
Withdrawal from retained earnings	-	(788)
Capitalization of treasury shares from share buyback	325	-
Recognition of reserve for treasury shares	(325)	-
Reversal from valuation of treasury shares	14	-
Balance at 12/31	5,410	5,396

At December 31, 2009, retained earnings amounted to € 5,721 million.

AEG settlement.

Through a final verdict reached by the higher regional court in Frankfurt am Main in November 2009, the exchange ratio, specified in the domination and profit and loss transfer agreement between the former Daimler-Benz AG and AEG AG from 1988 was specified from 5 AEG shares for one old Daimler-Benz share to a ratio of 2.9 to 1. Accordingly, the compensation payment for unpaid AEG-dividends determined in the domination and profit and loss transfer agreement was increased from a rate of 20 % up to 34.5 % of the respective Daimler dividends. Parts of the stock of treasury shares are used to meet the obligations of former AEG shareholders from this verdict. Due to the change of the designated purpose approx. 8.35 million shares were capitalized and a reserve for treasury shares transferred from other retained earnings was recognized accordingly.

d) Unappropriated Profit

As allowed by Section 158 (1) of the AktG unappropriated profit is determined as follows:

Unappropriated Profit 12/31/2009

€ in million	
Net loss 2009	(4,765)
Withdrawal from capital reserves	4,765
Unappropriated Profit	-

To compensate net loss € 4,765 million have been withdrawn from capital reserves.

Share-based payment

As of December 31, 2009, the Company has the following awards outstanding that were issued under a variety of plans: the 2005-2009 Performance Phantom Share Plan ("PPSP") and the Stock Option Plan ("SOP") 2000-2004. The plans of share-based payments are measured according to the probability of their claiming at the balance sheet date.

The PPSP is paid off at the end of the stipulated holding period; earlier, pro-rated pay off is only possible in case of leaving the Daimler Group if certain defined conditions are met. For the SOP Plan the waiting period has passed, so that the plan is exercisable except for special vesting periods and under consideration of the exercise prices.

Performance Phantom Share Plan.

In 2009, Daimler AG adopted a "Performance Phantom Share Plan", similar to that used in 2005 to 2008, under which eligible employees are granted phantom shares entitling them to receive cash payments provided that predefined targets are met in the three years performance period. The amount of cash paid to eligible employees is based on the number of vested phantom shares (determined depending on the target achievement over a three-year performance period) multiplied by the quoted price of Daimler's ordinary shares (calculated as an average price over a specified period at the end of the four years of service). The number of phantom shares that vest will depend on the achievement of corporate performance goals, based on return on net assets and return on sales in comparison to competitors.

Stock Option Plan.

In April 2000, the Annual Meeting approved the Daimler SOP, which grants stock options for the purchase of Daimler ordinary shares to eligible employees. Options granted under the SOP are exercisable at a reference price per Daimler ordinary share, which is determined in advance, plus a 20 % premium. The options become exercisable in equal installments on the second and third anniversaries from the date of grant. All unexercised options expire ten years from the date of grant. If the market price per Daimler ordinary share on the date of exercise is at least 20 % higher than the reference price, the holder is entitled to receive a cash payment equal to the original exercise premium of 20 %. After 2004 no new stock options were granted.

In case of exercise Daimler AG has mainly issued new shares.

Exercise prices of the stock option plan are between €34.40 and €74.76.

Stock Appreciation Rights Plan.

In 1999, Daimler established a stock appreciation rights plan (the "SAR Plan 1999"), which provides eligible employees with the right to receive cash equal to the appreciation of Daimler ordinary shares subsequent to the date of grant. The stock appreciation rights granted under the SAR Plan 1999 vest in equal installments on the second and third anniversaries from the grant date. All unexercised SARs expire ten years from the grant date. The SAR Plan 1999 has expired on February 24, 2009.

9 Provision for pensions and similar obligations

€ in million	12/31/2009	12/31/2008
Provisions for pensions	12,981	12,658

The measurement of provisions for pensions is based upon the projected unit credit method in accordance with IFRS (IAS 19).

Additions to provisions were determined at the beginning of the financial year 2009 based on the pension liabilities of the company and the assets of Daimler Unterstützungskasse GmbH. The assumptions used in calculating the actuarial values according to the "Richttafeln 2005 G" (actuarial mortality assumptions) of Dr. Klaus Heubeck for the pension liabilities were a discount rate of 5.9 % (2008: 5.4%), a long-term rate for increasing remunerations from 2009 of 3.5% (2008: 3.1%), an increase in living costs respectively future annual increase in benefits of 1.8% (2008: 1.9%) and an expected long-term rate of return on plan assets (Daimler Unterstützungskasse GmbH) of 6.5% (2008: 6.5%).

The calculation of Defined Benefit Obligation (DBO) is based on "Richttafeln 2005 G" (actuarial mortality assumptions) of Dr. Klaus Heubeck. The valuation of DBO at December 31, 2009 is based on a discount rate of 5.3% (2008: 5.9%) and the estimated annual increase of cost of living respectively future annual increase in benefits of 1.8% (2008: 1.8%).

10 Other provisions

€ in million	12/31/2009	12/31/2008
Provisions for taxes	2,706	1,888
Other provisions	8,498	9,017
	11,204	10,905

The provisions recorded for income and other taxes relate to income taxes for years not yet finally assessed.

Other provisions consist mainly of accrued warranty costs, accrued personnel and social costs, obligations from sales business, reserves for lawsuits, unrealized losses from valuation of forward exchange dealings as well as obligations for end-of-life vehicles. Additionally, other provisions include accruals for deferred maintenance to be carried out in the first quarter of the following year. The change in other provisions compared to the prior year mainly results from a decrease in personnel and social obligations, accrued warranty costs as well as unrealized losses from the measurement of forward exchange transactions. On the other hand risks from buy back obligations and reserves for lawsuits have increased.

11 Liabilities

Liabilities

€ in million	12/31/2009	12/31/2008
Notes/Bonds and Commercial Paper	2,657	2,434

€ in million	12/31/2009	12/31/2008
of which due in less than 1 year	108	1,746
of which due in more than 5 years	75	75
Liabilities to financial institutions	1,571	1,233
of which due in less than 1 year	3	63
of which due in more than 5 years	400	-
Trade liabilities	3,118	3,431
of which due in less than 1 year	3,118	3,431
of which due in more than 5 years	.	.
Liabilities due to affiliated companies	18,576	13,247
of which due in less than 1 year	13,806	11,489
of which due in more than 5 years	287	169
Liabilities due to related companies	15	17
of which due in less than 1 year	15	17
of which due in more than 5 years	-	-
Other liabilities	1,642	1,215
of which due in less than 1 year	1,319	1,149
of which due in more than 5 years	-	-
of which tax liabilities	169	146
of which obligations concerning social security	50	79
Total of liabilities	27,579	21,577
of which due in less than 1 year	18,369	17,895
of which due in more than 5 years	762	244

Liabilities due to affiliated companies include intragroup (cash) payables and trade liabilities within the scope of the central financial and liquidity management (€ 18,056 million, 2008: € 12,866 million) as well as trade liabilities with domestic and foreign affiliated companies (€ 520 million, 2008: € 381 million).

Liabilities to related companies contain intragroup (cash) payables and trade liabilities within the scope of the central financial and liquidity management (€ 8 million, 2008: € 8 million) as well as trade liabilities with domestic and foreign group companies (€ 7 million, 2008: € 9 million).

Notes, Bonds and Commercial Papers are mainly European medium term notes to the amount of € 2,223 million.

Liabilities to financial institutions (€ 1,571 million, 2008: 1,233 million) are mainly based on loans (€ 1,569 million, 2008: 1,170 million).

Other liabilities (€ 1,642 million, 2008: € 1,215 million) include mainly liabilities of wages and salaries, withheld income tax and social security contributions as well as option premiums. Furthermore liabilities are included which relate to future payments to Chrysler pension plans.

12 Deferred income

€ in million	12/31/2009	12/31/2008
Deferred income	1,812	313

The increase of deferred income is mainly caused by forfeiting of receivables of future leasing rents to Mercedes-Benz Bank on April 1, 2009. The accrual of these future revenues is the main reason for the increase of deferred income. The release of deferred income corresponds to the maturity of the underlying leasing contracts.

Notes to the Income Statement

13 Revenues

€ in million	2009	2008
Revenues classified by type:		
Passenger cars	34,353	42,206
Commercial vehicles	12,824	21,476
	47,177	63,682
Revenues classified by region:		
Domestic	20,006	20,426
Foreign	27,171	43,256
	47,177	63,682
Allocation of foreign revenues:		
Western Europe (excl. Germany)	11,379	18,036
Asia	5,825	7,047
USA	5,314	8,901
Other American countries	1,422	2,216
Other markets	3,231	7,056
	27,171	43,256

Since February 1, 2009 the change of the domestic leasing business became effective. Vehicles are now billed to Mercedes-Benz Leasing GmbH. Revenues were positively influenced by this development.

14 Functional costs

Functional costs reported in the income statement are broken down into the categories cost of sales, selling expenses and general administrative expenses.

Cost of goods sold consists of manufacturing costs. These costs mainly consist of the costs of production materials, purchased services, personnel expenses, depreciation and rental expenses for the production departments. Cost of goods sold also includes € 3,754 million (2008: € 4,078 million) of research and development expenses as well as gains or losses from hedging activities conducted by the industrial business segment.

Selling costs include mainly purchased services, e.g. advertising and marketing expenses. Furthermore, personnel expenses, commissions, outgoing freight costs and rental expenses of the selling and distribution organization are also included in selling costs.

General administrative expenses include mainly purchased services (e.g. IT costs), personnel expenses, consulting fees and rental expenses of the general administration.

Other taxes and customs duties amounting to € 66 million (2008: € 90 million) are included within functional costs.

Fees of the auditors are specified in the notes of the consolidated financial statements.

15 Other operating income

Other operating income totaling € 1,118 million (2008: € 1,353 million) consists of income from other deliveries and services, cost reimbursements, reimbursements of social insurance contributions from the federal employment office regarding the short-time work as well as rent and lease income.

Other operating income includes € 461 million (2008: € 685 million) of income assignable to prior financial periods and relates mostly to income from the release of provisions and reserves, income from the write-off of liabilities, income from insurance payments and income from fixed asset disposals.

16 Other operating expenses

Other operating expenses of € 1,186 million (2008: € 1,359 million) comprise expenses regarding Chrysler, additions to provisions and the adjustment of Formula 1 activities.

Other operating expenses include € 45 million (2008: € 58 million) of expenses attributable to prior financial periods. These expenses are mostly related to disposals of fixed assets and write-off of other receivables.

17 Income from investments in affiliated and related companies

€ in million	2009	2008
Income from profit and loss transfer agreements	1,004	1,718
Thereof: Daimler Vermögens- und Beteiligungsgesellschaft mbH	766	909
Mercedes-Benz Accessories GmbH	117	154
EvoBus GmbH	65	-
Expenses related to loss assumptions	(204)	(17)
Income from affiliated companies	163	912
Income from related companies	44	19
Depreciation of investments in affiliated and related companies	(96)	(227)
Earnings from disposals of investments in affiliated and related companies	44	129
Losses from disposals of investments in affiliated and related companies	.	(11)
	955	2,523

The decrease in income from investments in affiliated and related companies is mainly caused by lower profits and higher loss assumptions from transfer agreements compared to last year. Expenses from loss assumptions mainly comprise transfers from EHG Elektroholding GmbH and Daimler Financial Services AG.

Income from affiliated and related companies is also declining compared to the prior year. It primarily contains dividend distributions of Mercedes-Benz (China) Ltd. (€43 million), Mercedes-Benz Türk A.S. (€ 36 million), Mercedes-Benz Schweiz AG (€ 25 million) and Mercedes-Benz Malaysia Sdn. Bhd. (€ 20 million).

Earnings from disposals of investments in affiliated and related companies contain profits of € 25 million resulting from the sale of Mercedes-Benz Finance Co., Ltd. to the affiliated company Daimler Japan, Ltd.

18 Interest Income

€ in million	2009	2008
Income from other securities and loans of financial assets	27	23
thereof from affiliated companies	21	15
Other interest and similar income	1,162	995
thereof from affiliated companies	587	559
Interest and similar expenses	(1,661)	(1,167)
thereof to affiliated companies	(1,057)	(809)
Interest income Pension Trust	5	276
	(467)	127

The reduction in interest income is mainly due to lower distributions from Pension Trust and higher interest costs.

19 Other financial income

€ in million	2009	2008
Currency result	77	.
Other income	28	4
Other expenses	(112)	(291)
Other financial income Pension Trust	(884)	(1,004)
	(891)	(1,291)

The increase of the other financial income is mainly due to lower allowances for financial receivables from related companies and lower expenses from write-down of Pension Trust assets (€ 872 million, 2008: € 909 million).

20 Income taxes

Daimler AG is also a taxpayer with respect to the management and profit sharing agreements concluded with its affiliated companies. The most important affiliated companies with existing agreements are Daimler Vermögens- und Beteiligungsgesellschaft mbH, Daimler Luft- und Raumfahrt Holding AG, Daimler Financial Services AG, Mercedes-Benz Ludwigsfelde GmbH and EvoBus GmbH.

Income tax expenses amount to € 401 million and are due to prior year tax assessments.

21 Net loss

In the financial year 2009, net loss is € 4,765 million. After withdrawal of € 4,765 million from capital reserves pursuant to Section 150 (4) of the AktG unappropriated profit amounts to € 0 million.

Other Notes