Daimler AG to invest in BAIC Motor for a twelve percent stake

- Joint strategic move in advance and support of BAIC Motor’s intention to launch an initial public offering of its shares
- Investment through the issuance of new shares
- Daimler first non-Chinese automotive company to take stake in Chinese OEM
- Daimler to receive two seats on the Board of Directors of BAIC Motor

Stuttgart / Beijing – Daimler AG and Beijing Automotive Group (BAIC) will significantly deepen their already strong strategic partnership: according to a binding agreement signed today between executives of the two companies, Daimler AG is going to invest in BAIC Motor, the passenger car unit of BAIC Group, one of the leading automotive companies in China. This important joint strategic move comes ahead of an intention by BAIC Motor to launch an initial public offering (IPO) in the future. Daimler’s investment will take place through the issuance of new shares corresponding to a twelve percent stake in BAIC Motor.

Daimler's Chairman of the Board of Management, Dr. Dieter Zetsche, Chief Financial Officer Bodo Uebber, and Hubertus Troska, Daimler's new Board Member for Greater China, met today at the Mercedes-Benz Museum in Stuttgart with Chairman Xu Heyi, Deputy
General Manager Zhang Xiyong, and CFO Ma Chuanqi of BAIC. As part of this meeting, they signed the contract between the two companies. Daimler’s shareholding in BAIC Motor is subject to the approval by the relevant authorities. A closing of the transaction is expected by the end of this year or early next year.

The agreement includes that Daimler will receive two seats on the Board of Directors of BAIC Motor. The two companies also agreed that BAIC will increase its stake in the production joint venture Beijing Benz Automotive Company (BBAC) by 1% to 51% and will thus be able to consolidate this joint venture within BAIC ahead of its IPO. At the same time, Daimler will increase its stake in the integrated sales joint venture Beijing Mercedes-Benz Sales Service Co. by 1% to 51%.

Dr. Dieter Zetsche, Chairman of the Board of Management Daimler AG and Head of Mercedes-Benz Cars: “Following our technical cooperation with BAIC Motor and the setup of our integrated sales company, we are now taking the next step in deepening our relationship even further. Our investment is a strong sign of the increased level of trust and cooperation between our two companies and clearly emphasizes the long-term commitment to a joint successful future of our two companies. It is also significant so that both companies can actively participate in the opportunities of the Chinese automotive market”.

Xu Heyi, Chairman of BAIC: “The partnership between BAIC and Daimler has entered into its best phase ever, with further deepened cooperation in accordance with the mutual interests and development plans between both companies. Daimler’s investment in BAIC’s stake will go a long way in accelerating the development of BAIC’s self-owned brand in terms of capital, technology, management, and brand. At the same time, this will help Mercedes-Benz to boost its business performance in China.”
Bodo Uebber, Chief Financial Officer of Daimler commented: “Through this strategic investment in BAIC Motor, we will be the first non-Chinese manufacturer to take a stake in a Chinese OEM. It also gives us the opportunity to be part of the growth of one of its major domestic participants. At the same time, our decision demonstrates the full support of our partner's intention to publicly list its shares in the future, further strengthening BAIC Motor's competitive position.”

Hubertus Troska, Daimler’s Board Member responsible for China said: “BAIC is a long-standing, strategic partner of Daimler in China. With today's signing, we are bolstering this already strong relationship even further. I am very excited to be a part of our joint activities going forward.”

As one of China's largest automakers, BAIC Group sold over 1.5 million vehicles in 2011. Daimler AG is one of the world's most successful automotive companies. Both parties have already established a long-term strategic and trustful partnership, including significant investments in the Chinese automotive industry over the past years. Joint activities include BBAC, which has been producing Mercedes-Benz passenger cars since 2006, Beijing Foton Daimler Automotive Co., Ltd. (BFDA), which has been jointly manufacturing Auman-branded medium- and heavy-duty trucks since mid-2012, and most recently, the establishment of Beijing Mercedes-Benz Sales Service Co., Ltd. This significant milestone means that all sales activities for imported and locally produced Mercedes-Benz cars will now be combined under one roof.

**Overview: Daimler in China**

**Daimler in China** is based in Beijing and includes Mercedes-Benz (China) Ltd, Mercedes-Benz Auto Finance Ltd, Daimler Northeast Asia Parts Trading & Services Co., Ltd., the joint ventures Beijing Benz Automotive Co., Ltd. (BBAC), Beijing Mercedes-Benz Sales Service Co. (BMBS), Beijing Foton Daimler
Automotive Co., Ltd. (BFDA), Fujian Benz Automotive Corporation (FBAC) and Shenzhen BYD Daimler New Technology Co. Ltd., as well as sales companies in Hong Kong, South Korea and Taiwan.

Local production of Mercedes-Benz cars began with the predecessor series of the E-Class in the joint venture BBAC in 2006; the second C-Class series followed in 2008. BBAC has been producing the current E-Class in a long-wheelbase version tailored specifically for the demands of the Chinese market since May 2010; the first locally produced GLK rolled off the production line in Beijing in December 2011.

On the sales side, Mercedes-Benz Cars is represented in China with its complete product portfolio; around 210,000 vehicles were sold in the year 2012. Approximately 50 new dealers will be added to the sales network of already over 220 this year, making the brand increasingly present outside the Tier 1 cities.

China is already the fifth-largest sales market for Mercedes-Benz trucks. With a market share of more than 50% in the premium segment, Mercedes-Benz Trucks lead the market above all in the heavy-duty segment. In addition, Daimler is developing the volume segment of the world’s biggest market for commercial vehicles in a joint venture with Foton Motor, a Chinese truck manufacturer. Since mid-2012, the jointly produced medium and heavy trucks of the Auman brand have also been rolling off the production line in Beijing-Huairou.

In addition, Daimler has been producing Mercedes-Benz vans for the Chinese market in the Fujian Benz Automotive Corporation joint venture since April 2010.

Daimler Financial Services has been providing automotive financing in China through Mercedes-Benz Auto Finance China since 2009. And together with BYD, Daimler has initiated the joint venture
Shenzhen BYD Daimler New Technology Co. Ltd to develop an electric vehicle for the Chinese market. This joint venture was officially approved in March 2011.

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a worsening of the sovereign-debt crisis in the euro zone; a deterioration of our funding 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 as well as to 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, most notably EADS; 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 governmental 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 incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward looking statements. Any forward-looking statement speaks only as of the date on which it is made.

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