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Mercedes-Benz to build first electric car of the new EQ product brand at its Bremen plant

- **Global production network of Mercedes-Benz Cars is preparing for electromobility**
- **Battery electric production model is based on show car EQ in the look of a sporty SUV Coupé**
- **Passenger cars “made in Bremen“ will cover the entire range of intelligent drive technologies**
- **Next milestone of the new corporate strategy “CASE”**

Stuttgart/Bremen – Mercedes-Benz takes the next step for the implementation of its electric offensive: The first production model of the new EQ product brand is to be produced in Bremen by the end of this decade. “Emission-free automobiles are the future. I am pleased that for the series production of our first electric EQ model, we can count on one of our most important partners in the global production network: our colleagues from Bremen. The Bremen plant delivers a maximum of flexibility and high speed as well as Mercedes quality from the beginning, also for our electric models,” says Dr. Dieter Zetsche, CEO of Daimler AG and Head of Mercedes Benz Cars.

The production model will be based on the EQ show car – an electric vehicle on SUV-basis that was presented at the „Mondial de l’Automobile 2016“ in Paris in September. With a range of up to 500 kilometers and the typical Mercedes strengths such as safety, comfort, functionality and connectivity, the show car is forerunner of a new era. The product brand EQ is an elementary part of the corporate strategy for future mobility bundled under the term CASE. The four letters stand for the four strategic pillars Connected, Autonomous, Shared & Services and Electric Drive, which are connected intelligently.

Mercedes-Benz Cars aims to have over ten all-electric vehicles in its portfolio by 2025. The new electric vehicles can be built within the existing global production network with sites on four different continents. “In our production, we work intensely on the execution of our electric offensive. In this context, we assess the potential production of electric vehicles at all sites of Mercedes-Benz Cars. We have already started intensive preparations in Bremen. In general, our new production organization has become highly flexible, allowing us to quickly react to increasing customer demand in our markets,” states Markus Schäfer, Member of the Divisional Board of Mercedes-Benz Cars, Production and Supply Chain Management.

“It is an enormous sign of trust and a genuine reward for our site that the first EQ vehicle will be built in Bremen,” says Peter Theurer, Site Manager of the Mercedes-Benz Bremen plant. “As lead plant for the C-Class and the GLC, we have repeatedly proved our ramp-up competence, our flexibility and our technical know-how. Now, we take a further crucial step towards future mobility and expand our variety also when it comes to drive technologies.”

The product portfolio of the Bremen plant currently consists of ten different models. Next to vehicles with conventional combustion engines, plug-in hybrids of the C-Class and the GLC are also rolling off the production line. In addition, the GLC F-CELL – the worldwide first fuel-cell vehicle with plug-in technology – will be produced in Bremen. With the confirmation for the new Electro-SUV of the EQ brand, cars “made in Bremen” will cover the entire range of intelligent drive technologies in the future.

“Our team is proud and happy about the decision to produce the first EQ vehicle in Bremen. The greatest future prospects in the industry currently lie in electromobility and it is our ultimate goal that the Bremen site participates in this. We understand the company`s decision as gratitude and appreciation for the great performance of our colleagues over the past years“, states Michael Peters, Chairman of the Works Council Mercedes-Benz Bremen plant.

The battery for the new electric vehicle will be developed by the Daimler subsidiary ACCUMOTIVE and produced in Kamenz (Saxony). The production is currently being expanded in the context of the corporate strategy CASE with an investment of 500 million euros. With this, one of the largest and most modern battery factories in Europe will be built. In future, ACCUMOTIVE will produce lithium-ion batteries for all electrified vehicles of Mercedes-Benz and smart – including plug-in hybrids as well as fully electric

vehicles. On top of that, the site will produce batteries for stationary Mercedes-Benz energy storage units as well as 48-volt-systems. Daimler plans an overall investment of more than one billion euros in a global battery production compound.

About the Mercedes-Benz plant in Bremen

The Mercedes-Benz plant in Bremen is the biggest private employer in the region with more than 12,500 employees. Ten different models are being assembled here at the moment: the Saloon, Estate, Coupé and Cabriolet of the C-Class, the Coupé and Cabriolet of the E-Class, the SUVs GLC and GLC Coupé as well as the two Roadsters SLC and SL. In 2015, the plant was rewarded as “Factory of the Year” in the category large-scale production. As lead plant of the C-Class, Bremen directs the worldwide production of the highest-volume model series in the plants abroad in Tuscaloosa/USA, Beijing/China and East London/South Africa. The assembly of the new GLC is also directed by Bremen as the main production site.

About Mercedes-Benz Cars Operations

Mercedes-Benz Cars Operations is responsible for passenger car production at 28 locations around the world as part of a flexible and efficient production network involving round about 78,000 employees. This includes the central functions of production planning, technology fabric, logistics, and quality. Mercedes-Benz Cars produced more than two million Mercedes-Benz and smart passenger cars last year, marking the fifth record in a row. The network is based on the product architectures of front-wheel drive (compact cars) and rear-wheel drive (for example the S-Class, E-Class, and C-Class) as well as the SUV and sports car architectures. In addition, there is a powertrain production compound (engines, transmissions, axles and components). Each of these production compounds is grouped around a lead plant that serves as a center of competence for the ramp-up of new products, technology and quality assurance. The focus of day-to-day work is on the continuous improvement and refinement of state-of-the-art production methods, which allow future high-tech vehicles to be produced in a way that is efficient, flexible and environmentally friendly, according to the typical Mercedes-Benz quality standards. All of this revolves around the employees and their expertise, whose work is systematically supported by ergonomic workplace design and intelligent automation. In addition to its own production plants, Mercedes-Benz is increasingly leveraging partnerships and utilizing capacities at contract manufacturers as part of its growth strategy.

CASE – these letters will shape the future of Mercedes-Benz Cars. They stand for the strategic pillars of connectivity (Connected), autonomous driving (Autonomous), flexible use (Shared & Services) and electric drive systems (Electric), which will be intelligently combined by the company. Already today, Mercedes-Benz Cars plays a leading role in all four areas. All activities in the area of connectivity are focused on the digital brand Mercedes me, which gives customers access to an extensive and personalized range of services by app, website or straight from their car. On the way to autonomous driving, Mercedes-Benz has for years been a key driver of development and has repeatedly set the benchmark. To this end, the Mercedes engineers use so-called sensor fusion. The data from different sensors, such as cameras, ultrasound and radar, are intelligently combined and analyzed. With car2go the inventor of the automobile is also a pioneer when it comes to sharing. With around two million users, the company is today the world's biggest provider of free-floating car-sharing. As far as the electrification of the powertrain is concerned, Mercedes-Benz is pursuing an integrated approach. Under the "EQ" brand, it is developing an ecosystem including not just the actual vehicle, but also a comprehensive offering around electric mobility. This extends from intelligent services to energy storage units for private and commercial customers as well as charging technologies, such as inductive charging, to sustainable recycling. To enable all four pillars to develop its full effectiveness, the relevant activities are being brought together in an independent entity.

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 deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading "Risk and Opportunity Report" in the current Annual Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

If you have any questions, please contact our Investor Relations Team:

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Bjoern Scheib

Tel. +49/711-17-95256

Christian Crusen

Tel. +49/711-17-97778

Julian Krell

Tel. +49/711-17-99320

Daniel Eichele

Tel. +49/711-17-92104

Lutz Deus

Tel. +49/711-17-92261

Rolf Bassermann

Tel. +49/711-17-95277

Edith Callsen

Tel. +49/711-17-97366

Viktor Schmidt

Tel. +49/711-17-76169

E-mail: ir.dai@daimler.com