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Daimler to expand local Mercedes-Benz
production with its partner in China

* Daimler and BAIC announce plans to expand local production
of Mercedes-Benz vehicles due to expected market demand in China
* Local production hub Beijing Benz Automotive Co. Ltd. (BBAC)
to operate additional production location
* Investment of over 11.9 billion RMB to prepare BBAC for further
growth opportunities in the Chinese automotive market
* 2nd Beijing production location to facilitate complementary
capacities for future new Mercedes-Benz models “Made in China,
for China”, including battery-electric vehicles

Stuttgart / Beijing – Seeing further growth potential in the Chinese automotive market, Daimler and BAIC today announced plans to further expand local production for the Mercedes-Benz brand at their joint venture, Beijing Benz Automotive Co. Ltd. (BBAC). Through an investment totaling over 11.9 billion RMB (about 1.5 billion euros) by Daimler and BAIC, BBAC will prepare to operate another production location for high-quality premium vehicles, in addition to its established local production hub in Beijing’s Yizhuang industrial park. As part of the investment, a BAIC production facility located in the capital city’s Shunyi district will be transferred to BBAC, and modified to facilitate complementary production capacities for Mercedes-Benz cars. Furthermore, both partners will invest into new product localization
at the future second Beijing-based Mercedes-Benz production facility.

Together with BAIC, Daimler continues developing BBAC into one of the most pioneering manufacturing hubs in Daimler’s global production network. The expansion of localization announced today will allow Daimler to respond to increasing market demand with local models tailored to Chinese customers’ needs, including electric products from Mercedes-Benz’s EQ brand. Daimler is dedicated to furthering New Energy Vehicle (NEV) development
in China, already the largest NEV market globally, as part of the company’s “Made in China, for China” commitment.

“Local production is a strong pillar of our sustainable development in China. By deepening
our cooperation with our local partner BAIC, BBAC will continue playing a key role for Mercedes-Benz in China,” said Hubertus Troska, Member of the Board of Management of Daimler AG, responsible for Greater China. “This production capacity expansion for BBAC
will allow us to meet the expected growing demand for premium passenger cars in China, including for electric vehicles.”

“With over a decade of remarkable achievements, BBAC stands as evidence of the strong collaboration between BAIC and Daimler,” said Xu Heyi, Chairman of the BAIC Group.
“As a model of Sino-German cooperation, BBAC has set successive benchmarks in terms of technology and quality standards. Going forward, both partners will continue to support BBAC as it provides additional, attractive products, contributing to the development of the Chinese automotive industry.”

This deepening of the cooperation between Daimler and BAIC further demonstrates
the strengths of combining “Industry 4.0” and “Made in China 2025”. By using smart manufacturing and increased digitalization, these efforts will help to further accelerate
the manufacturing upgrade in China’s automotive sector. Mercedes-Benz’s unified global standards govern all production from BBAC. Production at the Shunyi facility will also
follow the quality standards and processes, extending along the entire supply chain. As a
full-fledged production facility, it will include a body shop, paint shop, press shop, as well
as assembly lines.

“In 2017, Mercedes-Benz Cars has set the seventh production record in a row, also thanks to our strong growth in China. Globally, our plants run at full capacity, which is why we need further production facilities around the globe,” said Markus Schäfer, Member of the Divisional Board of Mercedes-Benz Cars, Production and Supply Chain. “BBAC is an integral part of our global production network of Mercedes-Benz Cars. With the new production location and our battery production planned in Beijing, we are progressing well with our electric initiative.”

China last year was once again Mercedes-Benz’s largest single market, with local production of around 430,000 units accounting for over 70% of total local sales. This allowed BBAC to become the largest Mercedes-Benz passenger car production plant worldwide in terms of output in 2017, driven by the outstanding market demand for premium cars of the three-pointed star. Employing over 11,000 staff, BBAC’s portfolio includes the C-Class, E-Class, GLA, and GLC vehicles. In 2017, Daimler and BAIC announced a joint investment of five billion RMB (about 655 million euro) for Battery Electric Vehicles and battery localization
at BBAC as part of the electric initiative. The first model from Mercedes-Benz’s EQ brand,

the EQC SUV, is scheduled to roll-off production lines by 2019.

These localization efforts are backed by strong local Research and Development, ensuring that Mercedes-Benz products meet the needs of Chinese customers. In 2014, the Mercedes-Benz Research and Development Center opened in Beijing, and has ever since grown

the number of employees to today over 850 local engineers, designers and other functions. The Mercedes-Benz R&D Center recently also expanded cooperation with renowned Tsinghua University. Showing full commitment to electric mobility in China, both partners will jointly establish a Research Cooperation in the field of Battery Safety and Fast-Charging.

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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.

**Daimler at a Glance**Daimler AG is one of the world’s most successful automotive companies. With its divisions Mercedes-Benz Cars, Daimler Trucks,
Mercedes-Benz Vans, Daimler Buses and Daimler Financial Services, the Daimler Group is one of the biggest producers of premium cars and the world’s biggest manufacturer of commercial vehicles with a global reach. Daimler Financial Services provides financing, leasing, fleet management, insurance, financial investments, credit cards, and innovative mobility services. The company’s founders, Gottlieb Daimler and Carl Benz, made history with the invention of the automobile in the year 1886. As a pioneer of automotive engineering, it is a motivation and commitment of Daimler to shape safely and sustainably the future of mobility: The Group’s focus is on innovative and green technologies as well as on safe and superior automobiles that appeal and fascinate. Daimler consequently invests in the development of efficient drive trains with the long-term goal of locally emission-free driving: from hightech combustion engines about hybrid vehicles to electric drive trains powered by battery or fuel cell. Furthermore, the company follows a consistent path towards intelligent connectivity of its vehicles, autonomous driving and new mobility concepts. This is just one example of how Daimler willingly accepts the challenge of meeting its responsibility towards society and the environment. Daimler sells its vehicles and services in nearly all the countries of the world and has production facilities in Europe, North and South America, Asia, and Africa. Its current brand portfolio includes, in addition to the world’s most valuable premium automotive brand, Mercedes-Benz (Source: Interbrand-Study „The Anatomy of Growth“, 10/5/2016), as well as Mercedes-AMG, Mercedes-Maybach and Mercedes me, the brands smart, EQ, Freightliner, Western Star, BharatBenz, FUSO, Setra and Thomas Built Buses, and Daimler Financial Services’ brands: Mercedes-Benz Bank, Mercedes-Benz Financial Services, Daimler Truck Financial, moovel, car2go and mytaxi. The company is listed on the stock exchanges of Frankfurt and Stuttgart (stock exchange symbol DAI). In 2017, the Group sold around 3.3 million vehicles and employed a workforce of more than 289,300 people; revenue totalled €164.3 billion and EBIT amounted to €14.7 billion.