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# Daimler reaches agreements in principle to settle regulatory and civil proceedings in the United States regarding diesel emissions

Stuttgart (Germany) - Daimler AG and its subsidiary Mercedes-Benz USA LLC (MBUSA) have reached an agreement in principle with various U.S. authorities to settle civil and environmental claims regarding emission control systems of approx. 250,000 diesel passenger cars and vans in the United States. The involved U.S. authorities are the Environmental Protection Agency (EPA), the California Air Resources Board (CARB), the Environment and Natural Resources Division of the U.S. Department of Justice (DOJ), the California Attorney General’s Office, and the U.S. Customs and Border Protection.

The company has cooperated fully with the U.S. authorities and continues to do so.

Daimler AG and MBUSA have also reached an agreement in principle with plaintiffs’ counsel to settle the consumer class action “In re Mercedes-Benz Emissions Litigation,” which is pending before the U.S. District Court for the District of New Jersey.

The company has made sufficient provisions for the expected total costs of the settlements.

For the settlements with the U.S. authorities, Daimler expects costs of approx. USD 1.5 billion (approx. EUR 1.27 billion). The estimated cost of the class action settlement is approx. USD 700 million (approx. EUR 592 million) including the court’s anticipated award of attorneys’ fees and costs. In addition, Daimler estimates further expenses of a mid three-digit-million EUR amount to fulfill requirements of the settlements.

Daimler expects a corresponding impact on the Free Cash Flow of the industrial business over the next 3 years with the main impact within the next 12 months.

Today, the Board of Management as well as the Supervisory Board of Daimler AG and Mercedes-Benz AG have approved the proposed settlements after weighing all aspects in the best interest of the company. With the proposed settlements, the company takes an important step towards legal certainty with respect to various diesel proceedings in the United States.

The settlements are subject to the final approval of the relevant authorities and courts. The agreement in principle with the U.S. government authorities will be memorialized in binding consent decrees. In the coming weeks, the authorities will then lodge the consent decrees with a U.S. District Court for ultimate approval. The U.S. consumer class action settlement will be submitted to the U.S. District Court for the District of New Jersey for approval.

Daimler informed capital markets about the agreements in principle to comply with disclosure requirements of the European Market Abuse Regulation (MAR).

*Exchange rate EUR to USD as of August 13, 2020, 1 EUR = 1.183 USD.*

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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, pandemics, 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 and tariff regulations; 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 or the current Interim 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 Mercedes-Benz Cars & Vans, Daimler Trucks & Buses and Daimler Mobility divisions, the Group is one of the leading global suppliers of premium cars and one of the world's largest manufacturer of commercial vehicles. Daimler Mobility offers financing, leasing, fleet management, investments, credit card and insurance brokerage as well as innovative mobility services. The company founders, Gottlieb Daimler and Carl Benz, made history by inventing the automobile in 1886. As a pioneer of automotive engineering, Daimler sees shaping the future of mobility in a safe and sustainable way as both a motivation and obligation. The company's focus therefore remains on innovative and green technologies as well as on safe and superior vehicles that both captivate and inspire. Daimler continues to invest systematically in the development of efficient powertrains – from high-tech combustion engines and hybrid vehicles to all-electric powertrains with battery or fuel cell – with the goal of making locally emission-free driving possible in the long term. The company's efforts are also focused on the intelligent connectivity of its vehicles, autonomous driving and new mobility concepts. Daimler regards it as its aspiration and obligation to live up to its responsibility to society and the environment. Daimler sells its vehicles and services in nearly every country of the world and has production facilities in Europe, North and South America, Asia and Africa. In addition to Mercedes-Benz, the world's most valuable premium automotive brand (source: Interbrand study, 17 Oct. 2019), and

Mercedes-AMG, Mercedes-Maybach and Mercedes me, its brand portfolio includes smart, EQ, Freightliner, Western Star, BharatBenz, FUSO, Setra and Thomas Built Buses as well as the brands of Daimler Mobility: Mercedes-Benz Bank, Mercedes-Benz Financial Services and Daimler Truck Financial. The company is listed on the Frankfurt and Stuttgart stock exchanges (ticker symbol DAI). In 2019, the Group had a workforce of around 298,700 and sold 3.3 million vehicles. Group revenues amounted to €172.7 billion and Group EBIT to €4.3 billion.