

Report of the Audit Committee.

Dear Shareholders,

On the basis of the allocation of tasks laid down in the Rules of Procedure for the Supervisory Board and its committees, the Audit Committee deals primarily with questions of financial reporting. It also discusses the effectiveness and functional capabilities of the risk management system, the internal control system, the internal auditing system and compliance management. In addition, it deals with the annual audit and reviews the qualifications and independence of the external auditors.

After receiving the approval of the Annual Shareholders' Meeting, the Audit Committee engages the external auditors to conduct the annual audit and the auditors' review of interim financial statements, determines the important audit issues and negotiates the audit fees with the external auditors.

As independent members of the Audit Committee, both the Chairman of the Audit Committee, Dr. h. c. Bernhard Walter, and Dr. Clemens Börsig have expertise in the field of financial reporting, as well as special knowledge and experience in the application of accounting principles and internal methods of control.

The six meetings of the Audit Committee in 2013 were attended by, in addition to the members of the Audit Committee, the Chairman of the Supervisory Board, the Chairman of the Board of Management, the members of the Board of Management responsible for Finance and Controlling and for Integrity and Legal Affairs, and the external auditors. The heads of specialist departments and other experts were also present for the appropriate items of the agenda. In addition, the Chairman of the Audit Committee held regular individual discussions, for example with the external auditors, the members of the Board of Management responsible for Finance and Controlling and for Integrity and Legal Affairs and the heads of Corporate Accounting, Internal Auditing, Group Compliance and Legal Affairs. The Chairman of the Audit Committee informed the Audit Committee about the results of those bilateral discussions in each case at the next available opportunity. The Chairman of the Audit Committee also informed the Supervisory Board about the activities of the Committee and about its meetings and discussions in the following Supervisory Board meetings.

In a meeting attended by the external auditors in early February 2013, the Audit Committee dealt with the preliminary figures of the annual company financial statements and the annual consolidated financial statements for the year 2012, as well as with the proposal on the appropriation of profits made by the Board of Management. The preliminary key figures were published at the Annual Press Conference on February 7, 2013.

In another meeting in February 2013, the Audit Committee dealt with the annual company financial statements, the annual consolidated financial statements and the combined management report for Daimler AG and the Daimler Group for the year 2012, each of which had been issued with an unqualified audit opinion by the external auditors, as well as with the proposal on the appropriation of profits; representatives of the external auditors were present and reported on the results of the audit. In preparation, the members of the Audit Committee and all of the members of the Supervisory Board were provided with comprehensive documentation, including the Annual Report with the consolidated financial statements according to IFRS and the combined management report for Daimler AG and the Daimler Group, the corporate governance report and the remuneration report, the annual financial statements of Daimler AG, the proposal made by the Board of Management on the appropriation of profits, the audit reports of KPMG on the annual company financial statements of Daimler AG and the annual consolidated financial statements according to IFRS, each including the combined management report, and the drafts of the reports of the Supervisory Board and of the Audit Committee. The audit reports and important issues related to financial reporting were discussed with the external auditors. In this context, the Audit Committee of Daimler AG also dealt with the monitoring of the financial reporting process, the effectiveness of the internal control system, the risk management system and the internal auditing system, as well as questions of compliance. This also included the further development and required adjustments of the Group-wide compliance structure and activities as decided upon by the Board of Management, for example the optimized due-diligence process for sales partners. Following an intensive review and discussion, the Audit Committee recommended that the Supervisory Board approve the annual financial statements and adopt the recommendation of the Board of Management to pay a dividend of €2.20 per share entitled to a dividend. Furthermore, the Audit Committee approved the Report of the Audit Committee for the year 2012.



Dr. Bernhard Walter, Chairman of the Audit Committee.

Also in this meeting, the Audit Committee discussed the report on the fees paid to the external auditors in the year 2012 for auditing and non-auditing services. With due consideration of the results of the independence review, the Audit Committee decided to recommend to the Supervisory Board, and subsequently to the Annual Shareholders' Meeting, that KPMG be engaged to conduct the annual external audit and the external auditors' review of interim financial reports for financial year 2013. The Audit Committee partially based its recommendation on the very good results of its own quality analysis carried out in May and June 2012 of the external audit for the previous financial year. Subject to the outcome of voting by the Annual Shareholders' Meeting, the Committee approved the fees to be agreed upon with the external auditors for financial year 2013. Finally, on the basis of its responsibility, the Audit Committee dealt with the draft agenda for the 2013 Annual Shareholders' Meeting and the annual audit plan of the Internal Auditing department.

In the meetings during 2013 relating to the quarterly results, the Audit Committee discussed the interim financial reports before their publication with the Board of Management and with the company of auditors engaged to carry out the auditors' review of interim financial statements, dealt with the respective risk reports, and received reports from the Group Compliance and Corporate Audit departments. In addition, the Audit Committee dealt on a quarterly basis with notifications from employees of the Company concerning possible violations of rules. Employees and third parties submitted these notifications confidentially and if desired anonymously (if compatible with local data-protection law) to the Company's own whistleblower system, the BPO (Business Practices Office), which then processed them. Until February 2013, the Audit Committee regularly communicated with the independent monitor, Judge Louis Freeh. On the occasion of his last participation in a meeting of the Audit Committee, Judge Freeh reported on his final impressions of the status of compliance at Daimler. Judge Freeh stated that the Group's management and employees had acted in an extremely committed manner. He explained that as

a result, it had been possible to establish a compliance system of the highest standards, which could bear any comparison at an international level. The Audit Committee thanked Judge Freeh for his constructive cooperation in the past years.

The Audit Committee received the report on non-audit services provided by the external auditors in its meeting in June 2013. In this meeting, the important audit issues for the external audit of the reporting period and the framework of approval for engaging the external auditors to provide non-audit services were determined. This meeting was also used to analyze the audit for the year 2012 and to perform the Audit Committee's monitoring duties with regard to the financial reporting process and the functional capabilities of the internal control system, the risk management system and the internal auditing system. On the basis of the statements of the external auditors as assessed by the Audit Committee, the internal control and risk management system was dealt with in this context. As well as the area of financial reporting, the internal control system includes the functions of internal auditing and compliance management. The Committee discussed the activity reports on the internal control and risk management system and dealt in particular detail with changes to the system and its further development.

Also in the meeting in June 2013, the Audit Committee dealt with new developments in accounting and financial reporting and other audit-relevant areas; the members of the Committee hereby undertook the training and further training required among other things for the performance of their tasks. The Committee also received information on the status of legal risks, on the new pension management system, on the status of currency and liquidity management and on other current topics.

In the meeting in July 2013, on the basis of the report by the Group's data protection officer, the Audit Committee dealt with key topics and current developments in the field of data protection. In its meeting in October 2013, for topical reasons, the Committee received reports from the heads of the Legal Affairs and Tax departments.

In a meeting attended by the external auditors in early February 2014, the Audit Committee dealt with the preliminary figures of the annual company financial statements and the annual consolidated financial statements for the year 2013, as well as with the proposal on the appropriation of profits made by the Board of Management. The preliminary key figures were published at the Annual Press Conference on February 6, 2014.

In another meeting in February 2014, the Audit Committee examined and discussed the annual company financial statements, the annual consolidated financial statements and the combined management report for Daimler AG and the Daimler Group for the year 2013, which had been issued with an unqualified audit opinion by the external auditors, as well as with the proposal on the appropriation of profits; this took place in the presence of the external auditors, who reported on the results of their audit and were available to answer supplementary questions and to provide additional information. In preparation, the members of the Audit Committee and all members of the Supervisory Board were provided with comprehensive documentation, including the Annual Report with the consolidated financial statements according to IFRS and the combined management report for Daimler AG and the Daimler Group, the corporate governance report and the remuneration report, the annual financial statements of Daimler AG, the proposal made by the Board of Management on the appropriation of profits, the audit reports of KPMG on the annual company financial statements and the annual consolidated financial statements according to IFRS of Daimler AG, each including the combined management report, and the drafts of the reports of the Supervisory Board and of the Audit Committee. The audit reports and important issues related to financial reporting were discussed with the external auditors. In this context, the Audit Committee also dealt with the monitoring of the financial reporting process, the effectiveness of the internal control system, the risk management system and the internal auditing system, as well as questions of compliance. Following an intensive review and discussion, the Audit Committee recommended that the Supervisory Board approve the annual financial statements and adopt the recommendation of the Board of Management to pay a dividend of €2.25 per share entitled to a dividend.

Furthermore, the Audit Committee approved the Report of the Audit Committee in the current version.

Also in this meeting, the Committee discussed the report on the fees paid to the external auditors in the year 2013 for auditing and non-auditing services. The Audit Committee decided to recommend to the Supervisory Board, and subsequently to the Annual Shareholders' Meeting, that KPMG be engaged to conduct the annual external audit and the external auditors' review of interim financial reports for financial year 2014; in this context, the results of the independence review and the discussion of the quality of the external audit were taken into consideration. Subject to the consenting vote of the shareholders in the Annual Shareholders' Meeting, the Audit Committee also discussed the proposal to be made regarding the fees to be agreed upon with the external auditors for the year 2014.

Finally, on the basis of its responsibility, the Audit Committee dealt with the draft agenda for the 2014 Annual Shareholders' Meeting and the annual audit plan of the Internal Auditing department.

As in previous years, the Audit Committee once again conducted a self-evaluation of its own activities in 2013. This did not result in any need for action with regard to the Committee's tasks, or with regard to the content, frequency or procedure of its meetings.

Stuttgart, February 2014

The Audit Committee

Dr. h. c. Bernhard Walter
Chairman