

In the following please find today's release of Mercedes-Benz Cars:

**Investor Relations  
Release**

## **Mercedes-Benz extends its model range of premium compact cars**

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- **Four distinct new models in the compact-car segment planned**
- **Investments of EUR600 Million in Rastatt plant enables long-term capacity utilization**
- **Additional plant to be built Kecskemét, Hungary to boost competitiveness and access new markets**
- **Improvements in efficiency and structural design ensure long-term profitability of the new vehicle generation**

Stuttgart –Mercedes-Benz will have an even stronger presence in the compact-car segment in the future, with a product line-up of four instead of today's two vehicles. Investments of EUR600 Million in the Rastatt plant will secure the long-term capacity utilization of the plant. In order to sustainably boost its competitiveness, as well as to access new markets and create additional production capacities, Mercedes-Benz has also decided to built a new plant in Kecskemét, Hungary.

Today, Mercedes-Benz is already the most successful premium manufacturer of compact vehicles with its A and B-Class. The successor generation will include product characteristics that are already popular with customers today – such as generous interior space and an elevated seating position. In addition, new vehicle variants will win additional target groups for the Mercedes-Benz brand.

"Mercedes-Benz is going to offer an even wider range of exciting premium cars – with the high levels of comfort, safety and overall quality that are characteristic for the brand – in the particularly fuel-efficient compact-car segment. Moreover, our expanded product range will allow us to tap into new customer groups and open up new market regions," commented Dr Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars.

"We are continuously investing in vehicle manufacturing in Germany: in addition to the recently announced expansion of production of the Sprinter van in Düsseldorf und Ludwigsfelde, we will now invest some EUR600 million in Rastatt for our new generation of compact cars," said Dr Zetsche.

"At the same time, we are planning a new plant in Hungary to boost our competitiveness and to gain access to the potential of the East European markets," Dr Zetsche added.

The long-term cost-effectiveness of the expanded product range will be safeguarded by the continuous progress made in the areas of vehicle efficiency and structural design. There will be a high level of technical integration among the four new vehicles which will also benefit from the modular system used by the other Mercedes passenger-car model series. A case in point is the new generation of Mercedes-Benz 4-cylinder diesel engines which is having its market premiere in 2008 and which will also be available for use in the new vehicles.

In the context of the expansion of its product portfolio, Mercedes-Benz Page 3  
Cars has also decided on the manufacturing strategy for the new generation of vehicles. In addition to using the existing capacity of the Rastatt plant, the company will create a new plant in Kecskemét, Hungary. The production network between the two plants will contribute significantly to the company's efficiency and competitiveness.

"Rastatt is an important and proven part of our Mercedes-Benz production network; production of the next generation of premium compact cars from Mercedes-Benz will see the plant working at its full capacity," said Rainer Schmückle, Chief Operating Officer of Mercedes-Benz Cars.

"In terms of all business aspects, the future plant in Kecskemét clearly offers the best perspectives. The site meets all the high quantitative and qualitative requirements for the successful establishment of a Mercedes-Benz production," added Mr Schmückle.

"Of course," he continued, "both sites have to contribute to the cost-effectiveness of our involvement in this vehicle segment which is the subject of very intense competition."

Kecskemét is located approximately 80 km from the outskirts of Budapest. In order to build the additional facility, Mercedes-Benz is planning to invest some EUR800 million locally in Kecskemét and to

create up to 2,500 new jobs for people in the region. Daimler AG and representatives of the country of Hungary and the city of Kecskemét intend to sign a memorandum of understanding concerning this project in the weeks ahead.

Page 4

Further Investor Relations information on Daimler is available on the Internet via [www.daimler.com/investors](http://www.daimler.com/investors) and on handhelds via <http://mobile.daimler.com>.

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